PURPOSEFUL PERSEVERANCE

ANNUAL REPORT 2019

Aspen Group

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This annual report has been prepared by Aspen (Group) Holdings Limited (the"Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsors") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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Chapter 1

PURPOSEFUL PERSEVERANCE is...
casting a far-reaching vision and being mission-critical about achieving what we envisioned. It is not waiting for external pressures to press in and throw us into a frenzy of action. It is all about anticipating future trends, customer behavioural patterns, increasing value and formulating strategic policies to ensure business continuity.

Dato' M. Murly
President & Group Chief Executive Officer

Vision and Mission

Vision

To be recognised as one of the key forces shaping the property development industry through quality and affordability.

Mission

To champion the empowerment of people by offering unequalled quality and affordable real estate for everyone.

Core Values

These values define our culture, guide the way we treat each other, and how we run our business.

Our people live by these core values, which enable us to focus on creating innovative products, making ethical decisions, building relationships with customers and business associates, and taking accountability for our actions.

Be A Catalyst For Positive Change

Our benchmark is to deliver products that elevate the standard of living. Before we embark on any work, we challenge ourselves with the question, "Will our actions spark positive change by making life better for people?". Every plan is thought through in detail and measured against this benchmark before proceeding. To be a catalyst for positive change is the mantra that shapes our attitude towards work and the way we relate to one another.

Build On Relationships

We are committed to open communication and acting with integrity in all our relationships. With every customer we build a home for; every business partner and vendor we do business with; every Aspenian; and with people we have yet to meet, we do our best to ensure that every interaction builds into a loyal, long-term relationship that is mutually beneficial.

Collaborate To Innovate

Our business model is to deliver best-in-value solutions and services through new opportunities, smart ideas and strategic collaborations. To achieve our business model, we innovate to breathe new life into what we have to work with and we encourage Aspenians to be innovative thinkers who challenge and redefine the status quo. This mentality, together with our business model, is the blueprint upon which we build our organisation and nurture our people.

Be Community-Conscious

As a property developer, the work we do has a social impact that goes beyond building bricks and blocks. We are in a position to think of communities holistically and besides our plans to develop cities of the future to benefit the community, our Corporate Conscience Programme gives Aspenians the opportunity to reach out and connect to those that may be less fortunate or are in need of extra help. We coordinate activities through charitable campaigns, educational activities and contributions, as well as environmental and socio-cultural programmes that give us the privilege of serving the community as part of our work life.

Aspen Group

Message from The President & Group Chief Executive Officer

"Together with our joint venture partner, IKEA Southeast Asia & Mexico we will proceed with the second catalyst development of the 1,000,000 sq. ft. Regional Integrated Shopping Centre. This development is expected to yield growth opportunities for the Group, as well as the community of Aspen Vision City in Batu Kawan and the Northern Region.

Dear Valued Shareholders, Customers, Partners and Co-workers,

In just a short span of time our lives have all changed dramatically due to the Covid-19 pandemic that has unleashed a deadly onslaught not only on people but on businesses and economies all across the world. At the time of writing this message, we are getting ready to resume our business operations post the Movement Control Order ("MCO") imposed by the Malaysian Government and I am reminded of our early days, when we founded Aspen Group. The odds were stacked up high against us and we needed to be resourceful in every possible way. Every one of us had to assume multiple roles, go the extreme extra mile, make personal sacrifices, all for the greater good.

It's time to do the same now, put in hard work as well as heart work as we adapt to changes in the way we work as individuals, and embrace new protocols in the way we operate as corporate citizens. I believe new paradigms will emerge in the wake of this situation, and if we take this as a learning curve, we will continually be in a state of readiness to better deal with challenges. As a result, we will be able to better serve our stakeholders and customers as well as evolve our sales and marketing approach.

On behalf of the Board of Directors, I hereby present to you our annual report for the financial year ended 31 December 2019.

The property development landscape in the year 2019 was challenging due to a sum of parts, locally due to uncertainties as the Malaysian mandated government of that period (2018 - 2019) was settling in, as well as bank loan securing restrictions. Globally, due to the effects of the US-China trade war on the global economy and its effect in causing volatility in the stock market. These events invariably impacted the spending pattern of consumers and investors who continued to exercise caution. Consequentially these affected the general performance of the Group.

The Malaysian Government in its Budget 2020 introduced and implemented new policies to increase opportunities for citizens to own properties with greater ease. This included 'rent-to-own' schemes and reducing the requirements to purchase properties by foreigners which was effective in assisting to clear property overhang. The Group played its part by aligning its business strategies to take advantage of these policies.

It was equally challenging on the political, economic and social fronts, and to weather the uncertainties that loom over us, the Group is initiating proactive moves to ensure we are firmly entrenched and ready to overcome the odds. This includes initiating all kinds of marketing and sales promotions and campaigns to bring in foreign and local sales for our existing projects. The group is also considering redefined strategies to promote its projects that are in the pipeline.

When Maybank rolled out its HouzKey programme that was essentially a Rent-to-Own scheme that was supported by the Government, we took advantage and participated in it by registering our Vertu Resort and Vivo Executive Apartment. The programme provides flexibility and cash flow efficiency to first-time home buyers so that they can have the options of owning their dream home by converting monthly rentals into down payments. Through this initiative the Group expects to increase sales for Vertu Resort and Vivo Executive Apartment in the long run.

Review of FY2019

During the FY2019, the Group recorded a revenue of RM288 million and a net profit attributable to shareholders of the

Company of RM16.7 million. Continued brisk sales of the Group's ongoing project Vertu Resort contributed RM179.33 million to the Group's revenue in FY2019.

Though the market sentiments were subdued and cautionary, the Group recorded incremental sales and the Group's revenue was obtained from the progressive construction of Vertu Resort. The Group's initiative to introduce the Aspen Brand and Aspen's products to the overseas markets, namely Hong Kong and Indonesia was a strategic move that yielded success.

As at 31 December 2019, the Group is pleased to report that TRI PINNACLE and Beacon Executive Suites located on Penang Island have sold 91% and 64% respectively. Vervea, the commercial precinct and Vertu Resort, the residential project that are both located in Aspen Vision City, Batu Kawan have sold 89% and 71% respectively.

Status of Our Projects

Vervea commercial precinct received its Temporary Occupation Permit (TOP) in January 2019 and the handover was a momentous success. During key collection, purchasers expressed their pleasure with its design and amenities, which lived up to its status of being the largest gated and guarded commercial hub in the Northern Region of Malaysia.

With the setting up and opening of the state-of-the-art Vervea Trade & Exhibition Centre (VTEC) at a cost of approximately RM25 million, the Group hopes to expand the potential of business opportunities in Batu Kawan. The opening of IKEA Meeting Place, the Regional Integrated Shopping Centre linked to IKEA is another avenue for businesses to thrive.

Next in the pipeline to be completed is Vertu Resort and Beacon Executive Suites. Vertu Resort was in the midst of brisk construction work with five blocks fully erected, and Beacon Executive Suites was at superstructure stage, when the Covid-19 outbreak in Malaysia started to escalate. In adherence to the Government's call to observe the MCO and flatten the curve, our construction for both these projects came to a halt.

Notwithstanding the latest extension of the MCO until 9 June 2020, operations and construction work has resumed since 13 May 2020 with permission from the relevant authorities, but due to the disruption in the supply chain, we expect the completion of Vertu Resort and Beacon Executive Suites to be delayed by a few months from the initial targeted completion date of Q4 2020 to Q2 2021. All efforts will be put in to accelerate the construction progress to make up for the lost time and to mitigate risks.

In December 2019, the Group officially launched Vivo Executive Apartment at Aspen Vision City in Batu Kawan and next in line to be launched by Q3 2020 is Viluxe.

As a step to appeal to young executives and families, Vivo Executive Apartment which is affordably priced, and location-wise integrated with the Regional Integrated Shopping Centre is designed to suit the lifestyles of this demographics of purchasers.

Fronting the Central Island Park, Viluxe landed homes is conceptualised to consist of a range of premium terrace houses for higher-income purchasers who will discern the value of investing in the first and only freehold landed development in Aspen Vision City.

Beacon Executive Suites,
George Town, Penang

Despite the foreseeable challenges the year will bring, the Group anticipates Vivo Executive Apartment and Viluxe to be the key revenue drivers in the year 2020. In a strategic move, the Group intends to peg these projects at affordable prices to achieve the two-pronged objectives of meeting the demands of first-time home owners and ensuring the successful marketability and saleability of the projects to medium-range income purchasers.

Aspen Vision City
The Group continues to be rooted in its vision to build upon Aspen Vision City to unlock unprecedented opportunities for residents as well as business owners. It is the Group's mission to create growth and impact not only for the communities within Aspen Vision City but also the surrounding Northern Region. To date, the Group has invested over RM2.6 billion for the entire development of Aspen Vision City.

Aloft Hotel
Part of the fulfilment of our mission is the upcoming development of the Aloft Hotel in Aspen Vision City, in partnership with the globally-renowned hospitality brand Marriot International Inc. The hotel will enjoy the distinction of being the first Aloft Hotel in the Northern Region, serving leisure and business travellers.

The Group's objective is to bring world-class full-fledged facilities to Aspen Vision City and Batu Kawan through the development of the Aloft Hotel. Slated for completion in 2025, the hotel will have direct access to the Regional Integrated Shopping Centre and IKEA Batu Kawan, as well as seamless accessibility to other developments within Aspen Vision City.

Prospects
The world is currently under the onslaught of a microscopic enemy that has brought life to a literal standstill and all of us are in no way immune to this pandemic. In view of this, and the political instability wrought by the sudden change of government does not bode in boosting investor confidence. The Group believes the overall economy and the Malaysian property market will remain extremely challenging in the year 2020.

The spending behaviour of people in the wake of the pandemic is expected to be sluggish and this will definitely have an impact not only on the property market but ripple to other related industries. Taking all this into consideration, the Group will be taking critical actions to ensure business continuity for the immediate future and long-term. The guiding principle will be to conserve our cash, be mindful of preserving a sturdy balance sheet to our best abilities. The Group is committed to take stringent actions and execute crisis management protocols across the board to ensure we can weather this storm of afflictions and bounce back stronger than ever.

Conceiving innovative marketing campaigns and formulating competitive sales packages remain a key focus of the Group, as it continues to roll out fresh promotions at strategic intervals to attract purchasers. To ensure our reach extends to all customer bases, the Group also intends to continue to collaborate with selected partners such as IKEA Southeast Asia & Mexico, LG Electronics Inc. and Teka Küchentechnik (Malaysia) Sdn. Bhd. to increase sales performance and provide value to its customers. Further information on the Group's collaboration partners can be found on page 18 of the Annual Report. We are also digitalising our processes with the introduction of an e-commerce platform as a viable option for sales during these times of social distancing and staying home.

Now, more than ever, we believe that our founding vision of building well-appointed residential and commercial investment properties will serve us in good stead. We will continue to build upon Aspen Vision City and invest in its infrastructure that will connect more than 6.5 million population.

Together with our joint venture partner, IKEA Southeast Asia & Mexico we will proceed with the second catalyst development of the 1,000,000 sq.ft. Regional Integrated Shopping Centre. This development is expected to yield growth opportunities for the Group, as well as the community of Aspen Vision City in Batu Kawan and the Northern Region. We also envision our investment in Aloft Hotel, in the Regional Integrated Shopping Centre and the Shah Alam Integrated Logistics Hub to stream in a steady flow of recurring income in years to come.

A Note of Thanks
Despite the challenges, when I reflect on the past year, I'm proud of our progress - in the way we have consolidated our strengths and resources to transform with emerging market trends. As a corporate citizen, we have a substantial opportunity and a high responsibility to ensure that the projects we build benefit people and better meet their needs. This was demonstrated when we pooled our resources and brainstormed to carry out Vertu Resort's rebranding initiative to anticipate our purchasers for the future. This win-win way of conducting our business benefits our purchasers and local communities in positive ways, helping to spark growth and competitiveness.

This is the Aspen Group's Spirit that I resolutely believe in - to serve the needs of our customers well into the future. To do this we ourselves must continually transform while remaining steadfast to our core values, invest in the growth opportunities, innovate boldly, and be empowered.

On behalf of the Board, I thank our management and co-workers for their commitment and hard work in building Aspen Group.

I would also like to record my gratitude to our customers, financiers, shareholders and business associates for their continuing trust and support.

Dato' M. Murly
President & Group Chief Executive Officer

Chapter 2

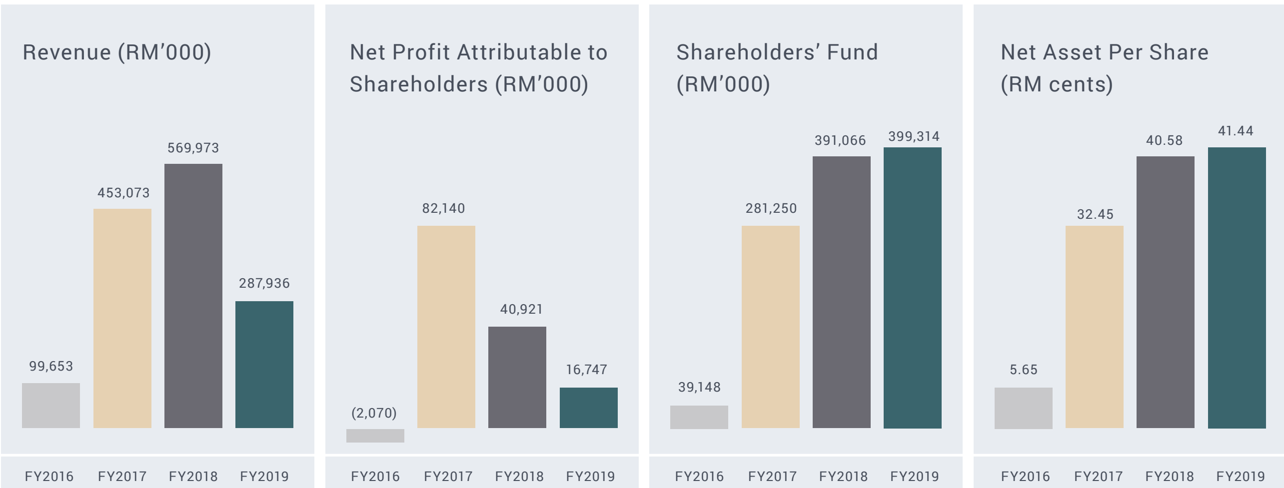
PURPOSEFUL PERSEVERANCE is...
fostering meaningful connections with our customers and strong relations with our internal and external stakeholders, that become trustworthy with every interaction.

Dato' Seri Nazir Ariff Bin Mushir Ariff
Executive Deputy Chairman of the Board

Financial Highlights

	FY2016 Restated	FY2017 Restated	FY2018	FY2019
Revenue (RM'000)	99,653	453,073	569,973	287,936
Gross Profit (RM'000)	33,278	176,820	122,436	98,137
Gross Profit Margin (%)	33.39	39.03	21.48	34.08
Net Profit Attributable to Shareholders (RM'000)	(2,070)	82,140	40,921	16,747
Total Assets (RM'000)	527,364	757,331	941,630	1,346,157
Total Liabilities (RM'000)	484,959	460,372	526,872	891,132
Shareholders' Fund (RM'000)	39,148	281,250	391,066	399,314
Cash Position (RM'000)	103,383	139,988	163,035	67,663
Return on Equity (%)	(5.29)	29.21	10.46	4.19
Earnings Per Share (RM cents)	(0.27)	10.70	4.42	1.74
Net Asset Per Share (RM cents)	5.65	32.45	40.58	41.44

Note:
The comparative figures for FY2016 and FY2017 have been restated due to the adjustment on borrowing cost arising from the Tentative Agenda Decision issued by the IFRS Interpretation Committee ("IFRIC") in relation to the capitalisation of borrowing costs for the construction of residential multi-unit estate development where revenue is recognised over time.



Financial Review

Income Statement

Aspen Group recorded a net profit attributable to shareholders of RM16.75 million with revenue of RM287.94 million for the financial year ended 31 December 2019. The decrease in revenue by 49.48% was mainly due to the slow take-up rate due to economic conditions. The main revenue contributors for FY2019 was mainly from Vertu Resort.

Although the Gross Profit for the year dropped from RM122.44 million in FY2018 to RM98.14 million in FY2019, Gross Profit margin had increased from 21.48% to 34.08% as there was a reversal of additional cost accrued on enhancements made to TRI PINNACLE and Vervea projects which were no longer required.

Selling and distribution expenses increased by 11.62% to RM12.78 million in FY2018 attributed to the establishment of an overseas marketing strategy in expanding sales targets to the overseas market, in particular, Hong Kong and Indonesia.

During the year, the Group has recognised an impairment loss of RM2.50 million on associate as the recoverable amount which approximates the share of net asset position of the associate is lower than its carrying amount.

The Group incurred finance cost of RM6.88 million which was 11.89% lower than FY2018 due to interest incurred on acquiring development land being capitalised as part of the development cost.

In FY2019, the Group recorded net profit attributable to shareholders of the Company of RM16.75 million, with earnings per share based on weighted average number of ordinary shares at 1.74 RM cents.

Balance Sheet

As at 31 December 2019, total assets of the Group recorded an increase of RM404.53 million to RM1,346.16 million as compared to RM941.63 million in FY2018 as a result of further acquisition of development land.

The Group's non-current assets increased by RM418.96 million from RM188.20 million as at 31 December 2018 to RM607.16 million as at 31 December 2019, mainly due to increase in the land held for future development in Batu Kawan and full recognition of land cost of HH Park Residence as well as the reclassification of land and development cost from current to non-current totalling RM352.05 million. In addition, property, plant and equipment had increased by RM72.57 million with approximate RM82 million of capital investment attributable to the construction of exhibition hall, multi-storey carpark and recognition of right-of-use set off against depreciation charge of RM9 million. During the year, the Group invested in its associate of which RM15.20 million into Bandar Cassia Properties (SC) Sdn. Bhd. These are offset against the full amortisation of land rights of RM22.88 million upon full settlement for Batu Kawan land acquisition. Further, the Group also invested RM2.50 million in Delivereat Sdn. Bhd. and RM2.10 million in Global Vision Logistics Sdn. Bhd.

The Group's current assets decreased by RM14.44 million from RM753.43 million as at 31 December 2018 to RM738.99 million as at 31 December 2019, primarily due to increase in development properties and contract costs incurred for the ongoing and pipeline projects of RM149.44 million offset against decrease in trade and other receivables of RM67.98 million upon reclassification of the deposit paid by the Group for the purchase of development lands to development properties as well as decrease in cash and cash equivalents of RM95.37 million for purchase of development lands and increase in construction progress.

The Group's non-current liabilities increased by RM314.60 million from RM126.66 million as at 31 December 2018 to RM441.26 million as at 31 December 2019, primarily due to the drawdown of loans for the purchase of Batu Kawan land; recognition of payable for HH Park Residence development land of RM108.38 million; and the increase in lease liabilities of RM9.71 million being right-of-use assets recognised upon the adoption of SFRS(I) 16.

Current liabilities of the Group increased by RM49.66 million from RM400.22 million as at 31 December 2018 to RM449.87 million as at 31 December 2019 as a result from increase in the loans and borrowings of RM80.29 million from the reclassification of a long term finance liability due for payment in year 2020 as well as increase in lease liability of RM1.29 million being liabilities incurred on operating lease recognised upon the adoption of SFRS(I) 16 and the increase in trade and other payables of RM3.54 million arose from the progress billings of the contractors and creditors. The increase in current liabilities has been offset by the decrease in contract liabilities for Beacon Executive Suites and Vervea projects amounting to RM35.70 million. Remaining contract liabilities of RM7.21 million from Vervea was due to Buy Back Guarantee sales which were not recognised.

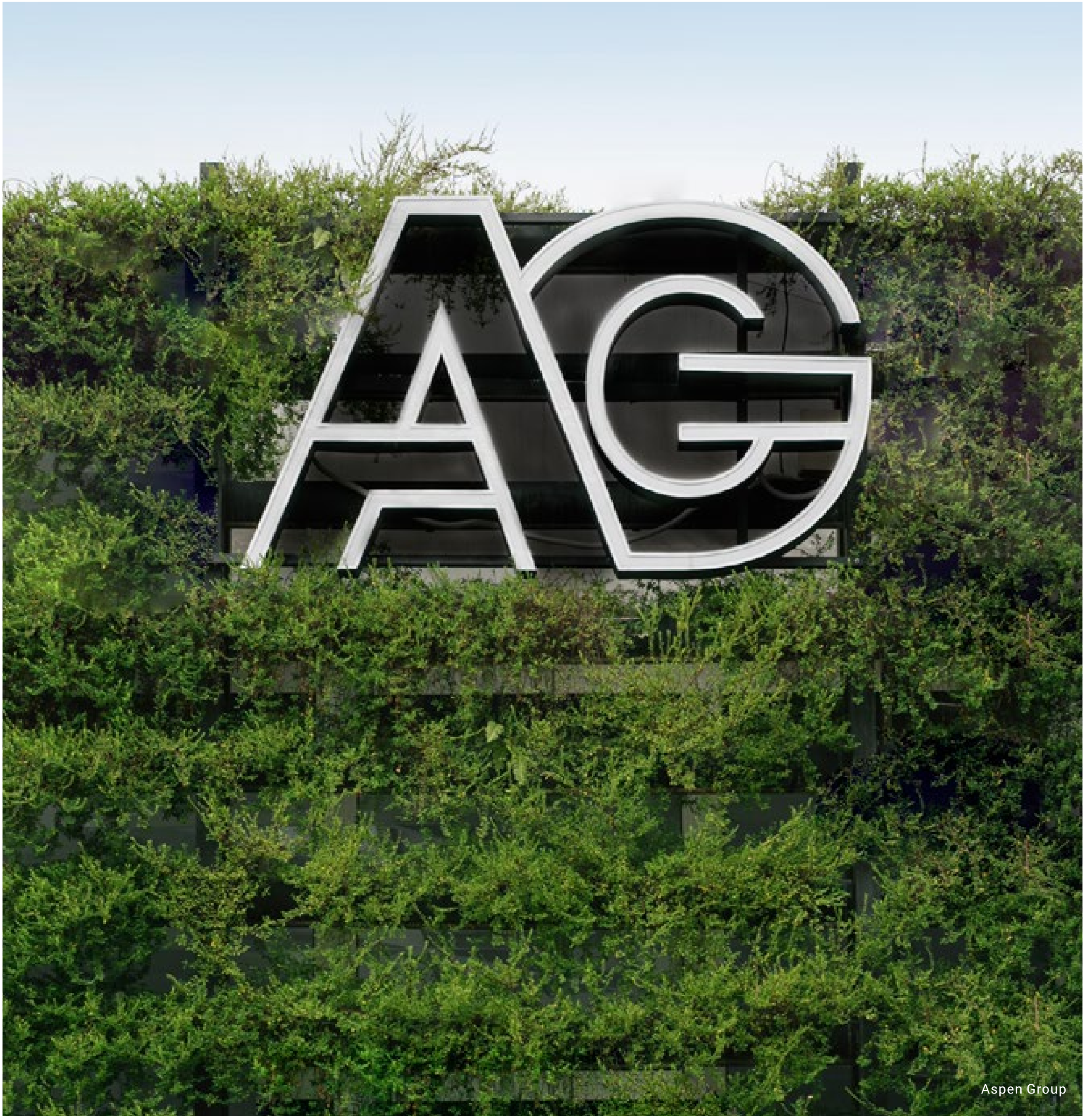
As at 31 December 2019, the shareholders' fund of the Group increased by RM8.24 million to RM399.31 million as compared to RM391.07 million as at 31 December 2018.

Statement of Cash Flows
The Group recorded net cash used in operating activities of RM287.44 million in FY2019 after tax payments of RM12.89 million. The net cash outflow from operations was mainly due to the payment made for construction works in progress and acquisition of development land at Batu Kawan.

Net cash used in investing activities amounted to RM61.85 million mainly from the acquisition property, plant and equipment and franchise licensing of RM72.06 million, further investment in associates of RM19.84 million offset against capital injection from non-controlling interest of RM27 million for a joint venture of Paya Terubong project and interest received of RM3.05 million.

Net cash inflow from financing activities amounted to RM255.60 million being drawdown of loan of RM295.45 million and RM25.18 million from the issuance of redeemable preference shares to non-controlling interest of which RM43.88 million were utilised for repayment of loans and borrowings and lease liabilities and RM22.78 million being interest cost paid to financial institution.

Overall, cash position of the Group decreased by RM95.37 million to RM67.66 million as at 31 December 2019 corresponding to the increase of total assets.



Aspen Group

Corporate Milestones

JANUARY 2019

COMPLETION OF VERVEA

Aspen Group reached a momentous milestone with the completion of Vervea commercial precinct, the first phase of Aspen Vision City's masterplan. With the procurement of its Temporary Occupation Permit (TOP), we opened a plethora of business opportunities for Vervea's tenants. As a commercial lifestyle destination, it is also the newest hangout hub for visitors and residents from surrounding vicinities and regions.

FEBRUARY 2019

SIGNING CEREMONY FOR ALOFT HOTEL

Keeping to its policy of selecting to work only with established partners of long-standing repute, Aspen Group signed a deal with Marriot International Inc, a world-renowned hospitality brand to operate the Aloft Hotel. The Aloft Hotel will open its door to business and leisure travellers in Batu Kawan as part of Aspen Group's masterplan to bring world-class facilities to Aspen Vision City.

MARCH 2019

OFFICIAL OPENING OF IKEA IN ASPEN VISION CITY, BATU KAWAN

IKEA, the world's largest Swedish furniture retailer rooted its presence in Aspen Vision City and opened its doors to the public on 14 March 2019. Spanning an impressive built-up area of 43,600 sqm, and RM650 million in investment, IKEA Batu Kawan will go down in history for being the first IKEA store in the Northern Region of Malaysia.

MARCH 2019

VERVEA AND CENTRAL ISLAND PARK RECOGNISED BY THE MALAYSIA BOOK OF RECORDS

It was a moment of pride for Aspen Group when Vervea, the largest commercial in the Northern Region and Central Island Park, the 25-acre green lung of Aspen Vision City was given the nod of recognition by the Malaysia Book of Records. Vervea High Street set the record for the 'Largest and Longest ETFE Canopy Walkway', while Central Island Park's landmark water jet broke the record for being 'Highest Water Jet Set'.

APRIL 2019

SIGNING CEREMONY BETWEEN ASPEN VISION DEVELOPMENT AND SELANGOR AGRICULTURAL DEVELOPMENT CORPORATION

Aspen Group initiated strategic inroads in the Central Region of Malaysia by expanding its plan to redevelop a leasehold commercial land in Seri Kembangan with an investment of RM58.80 million. The development will consist of service apartments with comprehensive facilities that will redefine the way people live.

APRIL 2019

2019 PROPERTYGURU ASIA PROPERTY AWARDS (MALAYSIA)

It was double the joy for Aspen Group when two of its development received accolades at the sixth annual edition of the PropertyGuru Asia Property Awards (Malaysia). Vertu Resort was awarded the 'Best Condo/Apartment Development (Penang)' while TRI PINNACLE was awarded the 'Highly Commended in the Best Mass Market Condo/Apartment Development (Penang)'.

The PropertyGuru Asia Property Awards is the most respected and sought-after real estate industry honours with gold standards in real estate.

JUNE 2019

SALE & PURCHASE AGREEMENT SIGNING BETWEEN ASPEN PARK HILLS AND GEO VALLEY

In a move to contribute to urban regeneration, Aspen Park Hills inked a sale and purchase agreement with Geo Valley to acquire 29 acres of freehold land in Paya Terubong. A series of mixed-use development comprising residential towers, service apartments, retail lots and community centre will be built in several phases. This project is a collaboration between Aspen Group and Oxley Holdings.

JULY 2019

UMBRELLA SHARING INITIATIVE RECEIVED RECOGNITION FROM CSR MALAYSIA

Aspen Group initiated a first-of-its-kind Corporate Social Responsibility (CSR) with its Umbrella Sharing Initiative. This captured attention on a national level and the Group received accolades for this initiative at the CSR Malaysia Awards 2019. The Group was honoured with the 'Company of The Year Award' in the Overall Excellence - Property Development. The initiative is a community enriching effort where convenience is shared through the simple act of sharing an umbrella in times of need, to be used and returned.

DECEMBER 2019

OPENING OF IKEA MEETING PLACE

The opening of IKEA Meeting Place that spans 80,000 sq.ft. of leasing space is essentially an extension of IKEA Batu Kawan. Covering four levels, the first phase of this shopping centre hosts more than 15 units featuring big brand names and retailers.

Our Partnerships

Joint Venture Partner

IKEA Southeast Asia & Mexico

Developer, Owner and Operator of IKEA Stores and Shopping Centres

The IKEA vision is to create a better everyday life for the many people. IKEA offers a wide range of well designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

IKEA Southeast Asia & Mexico owns and operates IKEA stores in Singapore, Malaysia and Thailand, and has plans to reach people with stores in Mexico, the Philippines and Vietnam. It is part of the Ikano Group of companies and is the only franchisee owned by the Kamprad family that founded IKEA.

IKEA Southeast Asia & Mexico also develops, owns, and operates shopping centres that are anchored by IKEA, and creates walkable communities by including residential, office and other types of real estate in its development plans.

Aspen Vision City is a mega-scaled mixed development jointly developed by Aspen Group and IKEA Southeast Asia & Mexico. This is among the first mixed-use investments made by IKEA in property development in Southeast Asia. Aspen Vision City comprises mixed residential and commercial properties, including a Regional Integrated Shopping Centre and the very first IKEA store in the Northern Region of Malaysia.

In Aspen Vision City masterplan, our partner owns 20% equity in the mixed development and Aspen Group owns 30% equity in the Regional Integrated Shopping Centre development.

IKEA Global Facts & Figures FY2019

Source: Inter IKEA Systems B.V.

IKEA Retail Sales
41.3 billion Euros

IKEA Website Visits
2.8 billion

IKEA Store Visits
1.0 billion

IKEA Store Worldwide
433 stores
(12 New IKEA stores in 2019)

IKEA Co-workers
211,000

Collaboration Partners

Marriott International, Inc.

Global Hospitality Brand

Marriott International, Inc. (NASDAQ: MAR) is based in Bethesda, Maryland, USA, and encompasses a portfolio of more than 7,000 properties in 30 leading hotel brands spanning 131 countries and territories. Marriott operates and franchises hotels and licenses vacation ownership resorts all around the world. The company now offers one travel programme, Marriott Bonvoy™, replacing Marriott Rewards®, The Ritz-Carlton Rewards®, and Starwood Preferred Guest®(SPG).

The hotel management agreement between Aspen Vision City and Marriott International, Inc. will see an expansion of the Aloft Hotels brand in the mainland province of Penang, Malaysia. Aloft Penang Batu Kawan will welcome business and leisure travellers as well as local staycationers and shoppers to a region known as the 'Silicon Valley of the East' for its high-tech manufacturing hubs and extensive industrial, retail and leisure parks.

Together, Aspen Group and Marriott International, Inc. will anchor the tourism and hospitality sector and boost the vibrancy of Batu Kawan by providing extensive support network to the business activities.

LG Electronics Inc.

Home Electronics Provider

LG Electronics Inc. (LG) is a multinational electronics company headquartered in Seoul. Employing more than 75,000 employees working in 118 subsidiaries worldwide, LG comprises four business units: home entertainment, mobile communications, home appliance and air solution, and vehicle components. With an array of expertise and a vast business model, LG is one of the world's leaders in smart electrical and electronic home appliances.

With both corporations placing importance on the experiences of their clientele, LG and Aspen Group will introduce ways to integrate its smart products and devices with the technology that is being offered within the developments of Aspen Group.

Columbia Asia Group

Advanced Healthcare Provider

Columbia Asia Group is an international private healthcare company, with the vision to be the preferred healthcare service provider of choice for families and businesses – with 19 medical facilities across Southeast Asia (13 in Malaysia, 3 in Vietnam and 3 in Indonesia). At Columbia Asia, a combination of best practices of architecture, technology and human proficiency results in the efficiency of patient care, which is what Columbia Asia strives for. With a highly skilled team of committed medical staff, Columbia Asia sets itself apart to accommodate every patient's needs.

Columbia Asia Medical Centre provides an array of medical services through the operation of hospitals as well as clinics across the region in countries such as India, Malaysia, Vietnam and Indonesia; with a view to expand its market by developing a few more hospitals such as in Batu Kawan Penang, Tebrau and Iskandar Puteri Johor, Bintulu Sarawak and Seremban Negeri Sembilan – all of which are situated in Malaysia.

Columbia Asia Medical Centre will be located in Aspen Vision City and is the only private healthcare provider in Batu Kawan.

Antah Schindler Sdn. Bhd.

Smart Mobility Provider

Antah Schindler Sdn. Bhd. is the wholly owned subsidiary of the partnership between Syarikat Persaka Antah Sdn. Bhd. and Jardine Schindler Pacific BV. Today, it is an authorised distributor and service provider for Schindler elevators and escalators for the whole of Malaysia.

Smart Digital Solutions are a cornerstone of Schindler's pioneering equipment; and encompass remote monitoring, advanced analytics, intelligent elevator dispatching for optimum traffic performance, personalised passenger services, and smartphone building access and mobility technology, among others.

The signing of a strategic collaboration serves as a framework for cooperation and information exchange between the parties on the design, engineering, supply, delivery, installation, testing and commissioning of both mobility systems and Smart Digital Solutions for all Aspen Group developments. The partnership between Aspen Group and Schindler will see the implementation of smart digital urban mobility solutions in Aspen Group's developments, starting with the Vervea shop offices in Aspen Vision City.

Telekom Malaysia Berhad

Smart Technology Provider

Telekom Malaysia Berhad is Malaysia's Convergence Champion and the No. 1 Converged Communications Service Provider in Malaysia. Telekom Malaysia is known for offering a comprehensive range of communications services and solutions in broadband, data and fixed-line.

Through this collaboration with Telekom Malaysia, we are able to leverage on their extensive global connectivity, infrastructure and collective expertise, and will be able to propel Aspen Vision City to become the ideal Smart City that is not only conducive but also sustainable in the long run.

We will work with Telekom Malaysia in its aim to transform into a new generation communications provider, to deliver an enhanced and integrated digital lifestyle to all – through connection, communication, and collaboration.

Teka Küchentechnik (Malaysia) Sdn. Bhd.

Home and Kitchen Appliances Provider

The Teka Group is a multinational company founded in Germany in 1924 and is one of the leaders in the manufacture and commercialisation of kitchen and bath products, ceramic glazes, industrial containers, and professional kitchens.

Teka currently boasts 15 factories with more than 4,000 employees that are spread across five continents, and therefore enables them to share their products to people in more than 120 countries, and to more than 100 million consumers.

The partnership will see the use of Teka home and kitchen appliances for Vertu Resort, the first residential development in Aspen Vision City.

Chapter 3

PURPOSEFUL PERSEVERANCE is...
optimizing every project we build with the single focus of providing our customers the opportunity to live better and well above their expectations. This means levelling up with best practices and aligning ourselves with forward-thinking procedures.

Ir. Anilarasu Amaranazan
Group Managing Director

Board of Directors

Dato' M. Murly

President and Group Chief Executive Officer

Early in his career, Dato' M. Murly accomplished the feat of being appointed as one of the youngest Executive Directors and COOs in the history books of Malaysia's Public Listed Companies. Now he holds the prime position in the company which he co-founded.

Dato' Murly is a man driven by passion for what he does. His passion, coupled with foresight, creativity and innovation, is what propels Aspen Group forward and sets it apart from all its competitors today.

Armed with solid industrial knowledge from managing design and construction executions, and a holistic sense of community building from his town and urban master planning days, Dato' Murly is an insightful strategist when it comes to building the Group's business model.

He has a compelling humane vision and desire that drives his every business decision - to improve the lives of people. A firm believer that one should constantly learn and grow, Dato' Murly has amassed knowledge in other fields beyond his profession, in order to stay ahead and be relevant.

To the outside world, he is known for his penchant for revolutionary thinking and to those who work with him, he is an esteemed leader who leads with passion, action and by example.

Cheah Teik Seng

Chairman and Independent Non-Executive Director

Mr. Cheah Teik Seng has held senior management positions in various top international investment banks including Chase Manhattan Bank, BNP Paribas, UBS, Goldman Sachs and Merrill Lynch. He has held extensive directorships in the banking and finance industry, including an independent non-executive directorship with a company listed on the Australian Securities Exchange.

With a long career track record covering multiple regions such as Malaysia, Singapore, Hong Kong and London, Mr. Cheah brings to the Board an unmatched degree of global perspective as well as a great depth of banking and financial expertise.

Dato' Seri Nazir Ariff Bin Mushir Ariff

Executive Deputy Chairman

Dato' Seri Nazir Ariff is the co-founder of the Group and has been appointed as Executive Deputy Chairman of the Group.

With over 40 years of business experience and more than a decade spent on the forefront of the property sector, Dato' Seri Nazir Ariff is not only a revered expert in the Malaysian commerce and commodities sectors, but also a veteran in the property development industry. He has had a remarkable and multifaceted career, taking on key leadership roles in trade and playing an important part in developing areas of public interest.

From acting as an independent director in public listed companies, to trading in the tin smelting market, managing financial assets to managing football clubs, championing animal rights to fostering youth scholarships programmes, Dato' Seri Nazir Ariff has more than a few feathers in his cap and his all-rounder abilities have proven to be invaluable to establishing the roots of Aspen Group.

Leveraging on his wide-ranging experience, business acumen and mentoring spirit, Aspen Group is well-positioned to effectively navigate the ever-changing corporate environment and accomplish greater success.

Ir. Anilarasu Amaranazan PJM, PJK

Group Managing Director

Ir. Anilarasu Amaranazan joined our Group in June 2015 as Operations Director, before becoming our Chief Operating Officer in November 2016. As of February 2019, he has been promoted as the Group Managing Director. In his role, Ir. Anilarasu's responsibilities include developing and executing viable business strategies, overseeing the Group's financial performance, operations, marketing activities, investments and business ventures as well as implementing such policies and procedures as part of the overall quality management system for the Group.

Prior to this, he was the Head of the Technical Department in EcoWorld Berhad from July 2014 to June 2015, where he was responsible for the overall project management, project planning, implementation, design and construction review. Prior to that, he was a Project Engineer and Head of the Technical Department in S P Setia Berhad (Penang) from June 2006 to July 2014. He started his career as a Site Engineer with TNH Construction Sdn. Bhd. in May 2005.

Ir. Anilarasu obtained his Bachelor of Engineering (Civil) in August 2005 and a Masters of Science (Construction Management) in March 2011, both from Universiti Teknologi Malaysia. He has been admitted as a member of the Institute of Engineering Malaysia since May 2009, and accredited as a professional member of the Board of Engineers Malaysia since September 2012.

Dr. Lim Su Kiat

Non-Independent Non-Executive Director

Dr. Lim Su Kiat has held senior positions in Investment Management and Capital Transactions across various Real Estate Funds and Asset Management firms in Asia and Australia including Allco Finance, Frasers Centrepoint Group, Rockworth Capital Partners and Firmus Capital. Dr. Lim has extensive experience in the areas of direct investments, real estate capital markets and REITs in real estate markets of Asia including Japan. He holds and has held directorships in the Property Funds and Asset Management firms.

Dr. Lim's multi-jurisdictional experience in the Real Estate Investment and Asset Management industry brings to the Board an in-depth perspective of the real estate markets in the region.

Dato’ Alan Teo Kwong Chia

Independent Non-Executive Director

Dato’ Alan Teo Kwong Chia has served in top and executive roles in various prestigious organisations including AIA Berhad, Great Eastern Life and Genting Group. A specialist in the areas of Human Resources, Operations, Organisational Design and Business Process Management, Dato’ Alan has worked in various management consulting capacities with renowned clients such as Exxon Mobil, Maxis, Ansel, Beiersdorf, Dairy Farm, HSBC and many more.

Dato’ Alan’s consulting experience and operational expertise brings a different dimension to the Board’s makeup, and allows Aspen Group to thrive in more areas of operations both internally and externally.

Ching Chiat Kwong

Non-Independent Non-Executive Director

Mr. Ching Chiat Kwong who possesses more than 20 years of industry experience currently serves as the Executive Chairman and CEO of Oxley Holdings Limited in Singapore. He has established a track record to identify market trends and business opportunities that has enabled him to chart the course for Oxley’s phenomenal growth in the development of industrial, commercial and residential projects in Singapore and overseas. His keen insight and in-depth knowledge of the industry gives him the advantage to formulate viable corporate strategies that boost the overall performance of Oxley. A testament to this is Oxley’s completion of the then largest initial public offering on the Catalist of the Singapore Exchange (“SGX”).

With such an impressive track record, Mr. Ching‘s addition to the Board is expected to be a significant contribution to Aspen Group’s continued growth and expansion plans to attain greater business value in the real estate industry.

Dato’ Choong Khuat Seng, Finn

Independent Non-Executive Director

Dato’ Choong Khuat Seng who is esteemed for being a multi-disciplined economist and business rights activist, has extensive experience in multiple sectors, including property construction, building materials, real estate services and property investment. He holds a Bachelor of Economics (Hons) and an MBA, and was awarded the prestigious Darjah Setia Pangkuan Negeri (DSPN) in 2011. Over the past 30 years, Dato’ Choong has held numerous positions of influence through which he has served businesses as well as the people. This includes his service as Municipal Councillor for Penang Island Municipal Council, President of the Penang Master Builders & Building Materials Dealers Association and also as the Vice President of the Penang Chinese Chamber of Commerce.

His multifaceted approach and extensive network are expected to play a significant role in Aspen Group’s focus in achieving its business goals and diversification initiatives.

Profiles of Key Management and Senior Management

Zainun Binti Abdul Rahman

PJK, PKT, BCN

Executive Director

Pn. Zainun Binti Abdul Rahman joined our Group as an Executive Director in January 2015, and has since been in charge of corporate structuring, strategic collaboration and business portfolio creation and development. She joined Penang Development Corporation (PDC) as a Legal Officer in August 1998, and was appointed to numerous positions such as Unit Head, and thereafter as Manager. Prior to joining our Group, Pn. Zainun was a Senior Manager at PDC from October 2004 to January 2015, where she formulated and executed legal principles and business practices for various complex state project developments.

Pn. Zainun holds a Bachelor of Law from the University of Malaya, which she obtained in September 1998. In February 2000, she obtained a Diploma in Management from the Malaysian Institute of Management. Pn. Zainun has received several awards from the Penang State Government namely the Pingat Jasa Kebaktian in July 1994, the Pingat Kelakuan Terpuji in July 2002, and Bintang Cemerlang Negeri in July 2008.

Lim Soo Aun

Chief Financial Officer

Mr. Lim Soo Aun joined our Group as Financial Controller in September 2018 and he is now the Chief Financial Officer. Mr. Lim is responsible for the financial and risk management operations of the company which includes development of financial and operational strategies, close monitoring of management control systems and financial results.

Prior to joining the Group, he was the General Manager of Leader Steel Holdings Berhad from March 2010 to October 2017, where he was responsible for daily operational management, sales performance, profitability, accounting, finance and corporate finance of the group. He started his career in 1989 in audit division with J.B. Lau & Associate (nka Grant Thornton). He was later attached to Consulnet Management Services Sdn. Bhd. from August 1997 to October 2004 as Director and Senior Consultant to take charge of the consultancy division and provide professional business advisory services to a wide spectrum of clientele including public listed companies and multinationals. He has 30 years of professional experience in accounting, finance, corporate finance, mergers and acquisition, and operational management. He was involved in numerous corporate exercises in Bursa Malaysia and Dubai International Financial Exchange (DIFX).

He graduated from The Institute of Chartered Secretaries and Administrators United Kingdom (ICSA). He is an Associate Member of Malaysia Institute of Chartered Secretaries and Administrator (ACIS), Chartered Secretary (CS) and Chartered Governance Professional (CGP).

Cheah See Peng, Celine

Chief Operating Officer

Ms. Cheah See Peng joined our Group as our Design Director in October 2014 and was subsequently promoted as the Group's Chief Operating Officer in February 2019. Ms. Cheah is responsible for the implementation of our project team's daily operations, aligned with the Group's long-term business goals and strategies.

Prior to joining Aspen Group, Ms. Cheah was a Design Manager at G&A Consultancy Sdn. Bhd., one of the subsidiary companies of Ivory Properties Group Berhad for more than 8 years. She joined G&A Consultancy Sdn. Bhd. as Project Coordinate in 2005 and was promoted to Technical Manager in 2009. During her tenure with G&A Consultancy Sdn. Bhd., she was responsible for overseeing and coordinating all projects, developing and executing the project construction drawing and detailing based on the approved conceptual design. She was also responsible to coordinate with technical consultants to ensure that the design development is monitored and the technical inputs and details have fulfilled the development requirements. Ms. Cheah has extensive experience in technical and conceptual design drawing, especially in property development and project management.

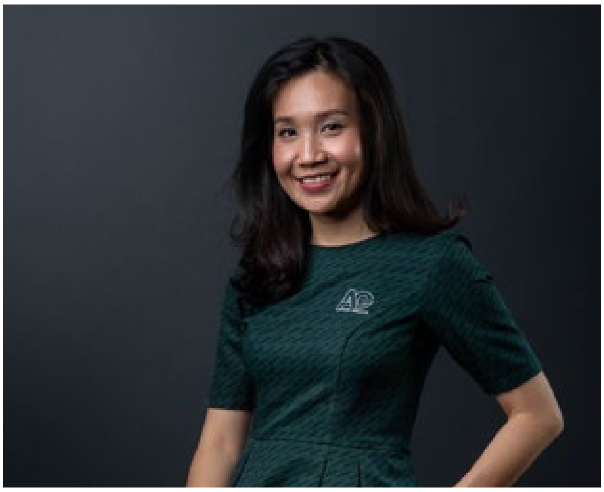
Chong Meng Fong, Joanne

Financial Controller

Ms. Chong Meng Fong joined our Group as a Management Accountant in February 2014, and was subsequently promoted to Chief Accounts and Credit Officer in September 2014. In February 2019, Ms. Chong was appointed as the Financial Controller of the Group. As the Group's Financial Controller, Ms. Chong is responsible to ensure that the Group is operating effectively and efficiently by overseeing all functions of the Group's account and credit control department.

Prior to joining our Group, she was the Group Accountant at Hunza Properties Berhad from June 2006 to February 2014, and a Finance Manager at Thong Sin Group of Companies from April 2001 to February 2006 where she was responsible for the accounting, financial reporting, treasury and taxation functions of the group. Prior to that, she was an Accountant at Eng Hardware Engineering Sdn. Bhd. from February 1999 to April 2001. She started her career as an Auditor at Saw & Company from February 1995 to February 1999.

Ms. Chong obtained a Master of Business Administration from Universiti Sains Malaysia in August 2007. Prior to that, she was admitted by the Malaysian Institute Accountants as a Public Accountant in July 1999 and a Chartered Accountant in June 2001. Ms. Chong was also admitted as an Associate of the Association of Chartered Certified Accountants in November 1998, and subsequently a Fellow in November 2003.



Lim Jing Yi, Janice

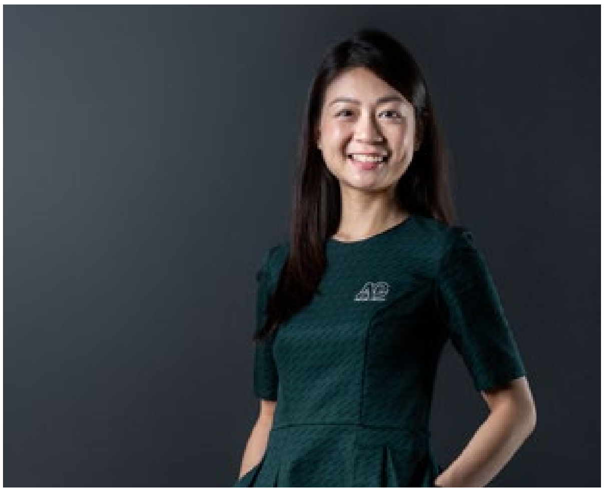
Operations Director - Corporate Planning, Communication & Marketing

Ms. Janice Lim joined our Group in May 2014 as an Assistant Manager in our Corporate Communication department and was subsequently promoted to the position of Manager in the same department in August 2014. In July 2017, she was appointed as the Head of Corporate Communication & Marketing. Having proved her mettle in the roles she has held, she was promoted once again to assume the role of Operations Director in November 2019. In her current capacity, she oversees Corporate Planning, Corporate Communication and Marketing Operations of the Group. Prior to joining Aspen Group, Janice served as the Marketing Communications Executive at Hunza Properties (Penang) Sdn. Bhd. from November 2012 to April 2014. She also held the position of Senior Corporate Communication Executive at Ivory Properties Group Berhad from February 2006 to October 2012. Janice obtained a Bachelor of Arts in Mass Communication from the Liverpool John Moores University.

Rowena Nair

Head of Legal and Corporate Affairs

Ms. Rowena Nair joined our Group in June 2014 as a Manager in our Legal and Corporate Affairs department and was subsequently promoted to Head of Legal and Corporate Affairs in September 2014. In her role, she is responsible for overseeing the legal and corporate affairs of the Group. Prior to this, Rowena was a Legal Assistant at M/s K. Ahmad & Yong from March 2009 to May 2014 and a pupil in chambers at M/s Ghazi & Lim from January 2008 to November 2008. Rowena obtained a Bachelor of Laws (Honours) from University of London (External) in August 2006 and a Certificate of Legal Practice from the Legal Profession Qualifying Board, Malaysia in September 2007. She was admitted to the Malaysian Bar as an advocate and solicitor in January 2009.



Lai Poh Shan, Jessica

Head of Group Human Resource & Administration

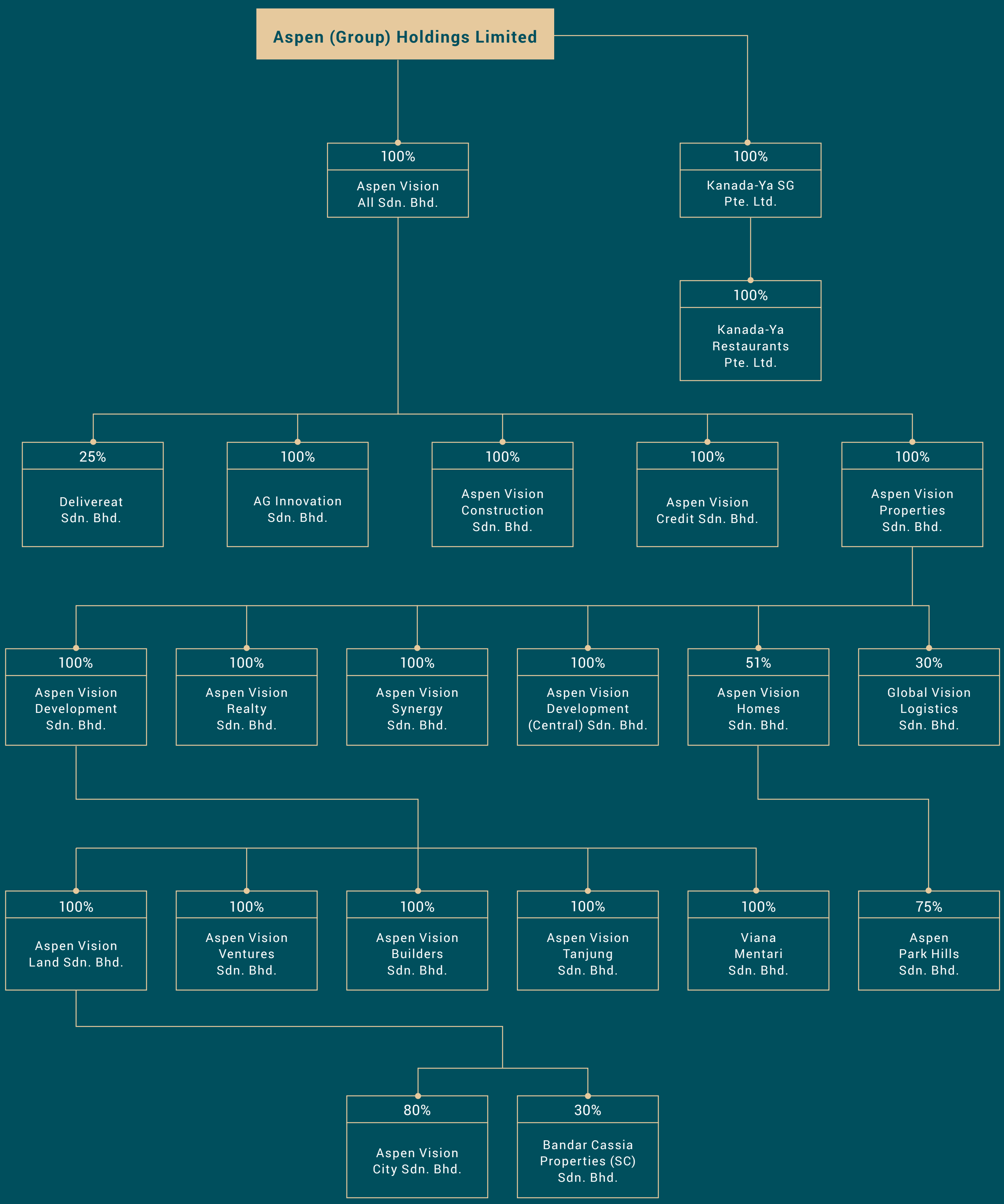
Ms. Jessica Lai joined our Group in March 2013 as an Executive Personal Assistant to the President & Group CEO, and was subsequently promoted to assume the role of Head of Group Human Resource & Administration in July 2015. In her current role, she is responsible for overseeing all aspects of human resource management of the Group and ensuring that the Group is legally compliant with all HR-related legislation. Prior to joining Aspen Group, she was the Personal Assistant to the Deputy Chairman / Executive Director of Ivory Properties Group Berhad from October 2007 to February 2013. Jessica was also employed as an Operations Associate (Treasury Settlement & Private Banking) in AmInvestment Bank Berhad from July 2006 to September 2007. Jessica graduated in Business Management from the Association of Business Executives (ABE), UK and she is an Associate Member of the Association of Business Executives (ABE), UK.

Siti Sakina Binti Sheik Jamaluddin

General Manager (Central Region)

Cik Siti Sakina Binti Sheik Jamaluddin joined our Group in November 2015 as a Project Architect and was promoted to Manager of Project Planning & Development in April 2017. She was again promoted to the role of Director of Project Planning & Development in July 2018. Cik Siti Sakina was promoted to assume the role of General Manager of Central Region in July 2019. Prior to joining Aspen Group, she was an Architect at Lim WH Architect from March 2012 to October 2015. She also served as an Assistant Architect at Arkitek Urbanisma from June 2011 to February 2012. Cik Siti Sakina obtained a Master of Science in Project Management, Bachelor of Architecture and Bachelor of Science in Housing, Building and Planning and Architecture with full scholarship from the Ministry of Education Malaysia for USM Exchange Programme with Fachhochschule Aachen, Germany. She is a Member of Malaysian Institute of Architects (PAM) and a member of Board of Architects Malaysia since 2012.

Corporate Structure



Corporate Information

Board Of Directors

Dato' Murly Manokharan	(President and Group Chief Executive Officer)
Mr. Cheah Teik Seng	(Chairman and Independent Non-Executive Director)
Dato' Seri Nazir Ariff Bin Mushir Ariff	(Executive Deputy Chairman)
Ir. Anilarasu Amaranazan	(Group Managing Director)
Dr. Lim Su Kiat	(Non-Independent Non-Executive Director)
Dato' Alan Teo Kwong Chia	(Independent Non-Executive Director)
Mr. Ching Chiat Kwong	(Non-Independent Non-Executive Director)
Mr. Low See Ching (Liu Shijin)	(Alternate Director to Mr. Ching Chiat Kwong)
Dato' Choong Khuat Seng	(Independent Non-Executive Director)

Audit Committee

Mr. Cheah Teik Seng (Chairman)
Dato' Alan Teo Kwong Chia
Dr. Lim Su Kiat

Nominating Committee

Dato' Alan Teo Kwong Chia (Chairman)
Dato' Murly Manokharan
Mr. Cheah Teik Seng
Dato' Choong Khuat Seng

Remuneration Committee

Mr. Cheah Teik Seng (Chairman)
Dato' Alan Teo Kwong Chia
Dr. Lim Su Kiat

Joint Company Secretaries

Ms. Pan Mi Keay, ACIS
Ms. Wong Sien Ting, ACIS

Registered Office

80 Robinson Road
#02-00 Singapore 068898
Tel: +65 6236 3333 Fax: +65 6236 4399
Email: investorrelations@aspen.com.my
Website: aspen.sg

Principal Place of Business

Aspen House
300 Jalan Macalister
10450 George Town
Penang, Malaysia
Tel: +604 227 5000 Fax: +604 227 5005

Share Registrar

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#11-02 Singapore 068898

Auditors

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-Charge: Ms. Karen Lee Shu Pei
Date of Appointment: 16 March 2017

Sponsor

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

Principal Bankers

Malayan Banking Berhad
Hong Leong Bank Berhad
OCBC Bank (M) Berhad
MBSB Bank Berhad
CIMB Bank Berhad

Aspen Group

Chapter 4

PURPOSEFUL PERSEVERANCE is...
setting goals that challenge the status quo and transform the 'good enough' mentality to a 'let's do more' spirit. This will exponentially raise the bar of operational excellence and increase our competitive advantage.

Zainun Binti Abdul Rahman PJK, PKT, BCN
Executive Director

Development Projects

AVC™
ASPEN VISION CITY

ASPEN VISION CITY

Flagship Development

> "Aspen Group was the first to answer the call to spearhead the realisation of this vision to create an intelligent and self-sustaining metropolis designed for living in the future, today.

Highlights

- Freehold
- A RM13 billion master development jointly developed by Aspen Group and IKEA Southeast Asia & Mexico
- Full-fledged smart city masterplan
- Transforming retail, shopping and entertainment experiences
- World-class healthcare and medical facilities
- Masterfully planned to be a bustling hub
- GBI certified eco-metropolis

Aspen Group boldly ventured into Batu Kawan, when it was almost written off as a hinterland, quiet backwater and plantation country. With a resolute affirmation, Aspen Group answered Penang Development Corporation's clarion call to developers to transform Bandar Cassia, Batu Kawan into Penang's third satellite city. Recognising the catalytic potential of this opportunity and driven by the challenge to completely redefine this area of the country, Aspen Group invested in 245 acres of freehold land ahead of initiating a joint venture partnership with IKEA Southeast Asia & Mexico to develop Batu Kawan into an iconic hub of the Northern Region of Malaysia.

Armed with a far-sighted vision and revolutionary masterplan, Aspen Group stepped up to spearhead the creation of an intelligently-integrated, self-sustaining and future metropolis, that is today known throughout the nation as Aspen Vision City.

This flagship development with a gross development value of RM13 billion is masterfully conceptualised to captivate the attention of investors both locally and internationally as the first smart city of its kind in Malaysia. Aspen Vision City will feature a state-of-the-art Regional Integrated Shopping Centre and the first IKEA lifestyle furniture store in the Northern Region in Malaysia.

As an integrated development with first-class infrastructure and amenities, Aspen Vision City comprises an eclectic mix of residential and commercial components ranging from luxurious designer homes to the region's future Central Business District; an Aloft Hotel, office towers, serviced residences, and a transportation hub; and it also features a green oasis in the form of a 25-acre Central Island Park at its heart.

With the first and second phases of Aspen Vision City's development successfully launched, Aspen Group has successfully completed its first commercial development, Vervea commercial precinct and the first phase of Central Island Park, besides relishing the opening of the first IKEA store in the Northern Region of Malaysia on 14 March 2019.

To develop Aspen Vision City to become the most advanced city in Malaysia and a model state for smart living, Aspen Group formed powerful partnerships with global industry leaders to provide their best services and solutions that would meet the multifaceted needs of end users. Pioneering collaborations with tech giants such as LG Electronics Inc. and Telekom Malaysia Berhad, Aspen Vision City will boast levels of smart city infrastructure that is unmatched by any other development in the country.

These are just the tip of the iceberg for the many plans in which Aspen Group will leverage on to transform what was once considered a desolate piece of land, into a world-class smart metropolis. One that will remarkably redefine the way developers build for a sustainable and innovative future and redefine living for all.

IKEA BATU KAWAN & REGIONAL INTEGRATED SHOPPING CENTRE

IKEA Southeast Asia & Mexico opened its first IKEA store with an investment of RM650 million in Aspen Vision City and the Northern Region of Malaysia with a built-up area of over 40,000 sqm. The store is wholly owned and operated by IKEA Southeast Asia & Mexico and is the anchor of the Regional Integrated Shopping Centre, a 92,903 sqm shopping paradise featuring an exciting mix of retail, food and beverage, entertainment and many more.

The vastly popular Swedish furniture chain offers an extensive range of modern and affordable home furnishings to the region, in addition to diverse job opportunities and economic spinoffs for the surrounding communities and businesses. Its strategic location in the heart of Batu Kawan also means that IKEA Batu Kawan will serve a population of over 6 million in the Northern Region of Malaysia, ensuring a uniquely vibrant, ever bustling commercial landscape in Aspen Vision City.

IKEA Batu Kawan fronts the main intersection of Bandar Cassia. Together with the Regional Integrated Shopping Centre and Vervea, the IKEA store will be amongst the first destinations greeting thousands of visitors daily.

On 12 December 2019, IKEA Southeast Asia & Mexico inaugurated the first phase of its latest meeting place - IKEA Meeting Place at IKEA Batu Kawan with more than 80,000 sq.ft. of space leased to popular brands including Harvey Norman, Sports Direct, Molly Fantasy, Project Rock, 7-Eleven and Tealive. The Regional Integrated Shopping Centre, which is the fifth shopping centre in IKEA Southeast Asia & Mexico's portfolio will mark a new retail age in Penang by combining the pulling power of IKEA with a wide range of F&B selections, interactive family spaces, green zones, a leisure and entertainment hub and an innovative retail start-up incubator.

Highlights
- First IKEA store in the Northern Region
- World's largest home furnishing retailer
- A RM1.6 billion investment
- Serving a population of more than 6 million in the Northern Region

Total Floor Area
158,081 sqm

COLUMBIA ASIA MEDICAL CENTRE

As part of its vision to build a self-sustaining smart city, Aspen Vision City has made Columbia Asia an integral part of its masterplan. Columbia Asia is a renowned international hospital chain with medical facilities located all across Asia, providing top-notch healthcare facilities and services. A RM185 million investment by Columbia Asia Sdn. Bhd. in building a state-of-the-art medical facility will occupy a site measuring approximately 3 acres. The facility will be equipped with 150 beds and will have the distinction of being the only full-service Columbia Asia Medical Centre in Penang and the second in the Northern Region.

Highlights

- Leading healthcare establishment with 29 hospitals across Asia
- Equipped with 150 beds
- Fully equipped with state of-the-art facilities

Total Floor Area

36,790 sqm

CENTRAL ISLAND PARK

“Awe-inspiring zones, magnificent structures and thematic experiences will transform every visit to the Central Island Park into a spectacular experience.

Featuring a majestic record-breaking 52-metre high water fountain as its landmark feature, the Central Island Park has made a worthy entry into the Malaysia Book of Records. Other equally magnificent features include undulating skywalks with spectacular views of the whole park and its astounding landscapes.

The Central Island Park offers a wide range of amenities and community-centric facilities and is an ideal destination for visitors to indulge in an abundance of activities from community events, wholesome family activities to exciting recreational pursuits.

The Central Island Park is planned in four unique zones and phases, each with its own captivating repertoire of recreational offerings. The first phase was officially launched on 17 October 2018 and since its opening has been a crowd-puller with thousands of visitors thronging to soak in its ambience and enjoy the refreshing environment.

Highlights

- Spanning across 25 acres of unprecedented green space to create a conducive community
- Central blue lagoon with a 52m-high water jet
- Variety of thematic gardens and creative landscaping
- Comprehensive community amenities
- Contemporary landmark sculptures creating a distinctive sense of place

Master Plan of Aspen Vision City

1. IKEA Batu Kawan
2. Regional Integrated Shopping Centre
3. Vervea
4. Vervea Trade & Exhibition Centre (VTEC)
5. Vertu Resort
6. Viluxe
7. 25-acre Central Island Park
8. Clubhouse
9. Vogue Lifestyle Residence, Aloft Hotel & Retail Spaces
10. Vivo Executive Apartment
11. VIIO Executive Apartment
12. Columbia Asia Medical Centre
13. Drive-thru F&B Outlet & Petrol Station
14. Aspen Vision City Sales Gallery
15. Office Tower
16. Future Developments
17. Retail
18. Future Developments
19. Future Developments
20. Future Developments

VERVEA

Ready for Business Opportunities

TOP Obtained

VERVEA®

The largest gated and guarded commercial precinct in the Northern Region of Malaysia

Vervea is basking in the distinction of being the largest gated and guarded commercial precinct in the Northern Region of Malaysia and is filled with exponential business and commercial opportunities.

As the first phase of the Aspen Vision City's masterplan, Vervea comprises 434 units of 3 and 4-storey shop offices that are complemented with a host of business-enhancing amenities. One of its many highlights include the 'Longest and Largest Ethylene Tetrafluoroethylene (ETFE)' roof canopy in the country covering the 300-metre High Street that is recognised by the Malaysia Book of Records.

The components of Vervea strategically position external linkages, a Modern Business Hotel, a multi-storey carpark and Vervea Trade & Exhibition Centre (VTEC). Vervea also boasts cutting-edge features such as a smart parking system, centralised automated waste management, real-time digital signages and is built to be fibre optic ready.

Easily accessible from the Penang Second Bridge, North-South Highway and other major roads, Vervea enjoys high traffic flow from Penang island as well as the Northern Region. Business establishments also benefit from being neighbours with the popular IKEA Batu Kawan, an incomparable commercial advantage that elevates the potential of Vervea tremendously.

Vervea Trade & Exhibition Centre (VTEC) is situated 12 storeys above a multi-storey carpark and will feature versatile exhibition areas that can be expanded and divided into separate spaces, with an equally huge pre-function area. It also houses VIP and organiser rooms as well as kitchen and food preparation nooks.

Highlights

- Freehold
- 300-metre ETFE roof canopy covered High Street
- Every unit is equipped with its own individual elevator
- A world-class trade and exhibition centre with an area of approximately 3,530 sqm
- TOP obtained in January 2019

GDV

RM965.4 mil

Total Units

Shop Offices
434

Modern Business Hotel
1

Vervea Trade & Exhibition Centre (VTEC)
1

Multi-Storey Carpark
1

Total Floor Area

165,534 sqm

Vervea, Aspen Vision City, Penang
TOP obtained in January 2019

TRI PINNACLE

Ready to Move-In

TOP Obtained

TRI PINNACLE
A VISION OF ASPEN

First affordable condominium with state-of-the-art rooftop facilities

TRI PINNACLE is the Northern Region's first private-initiated affordable condominium with state-of-the-art rooftop facilities that are often reserved for luxurious properties. The project is widely recognised as the catalyst initiative that inspired a host of similar affordable developments from other private developers across Penang.

Conceptualised to meet the expanding needs of today's modern families, TRI PINNACLE offers an ideal balance of space, lifestyle and convenience. From the practical living spaces to the lifestyle facilities and its prime location, TRI PINNACLE has successfully set a new benchmark for affordable housing projects.

Making TRI PINNACLE even more outstanding is its full-fledged condominium facilities, which include a sky infinity swimming pool and a gymnasium at the rooftop.

Highlights

- Freehold
- First private-initiated affordable housing project in Penang
- Affordably priced condominium with full-fledged condominium facilities
- Highly sought-after location in Tanjung Tokong
- TOP obtained in December 2018

GDV

RM429.3 mil

Total Units

Residential	Retail
1,317	4

Total Floor Area

91,524 sqm


TRI PINNACLE, Tanjung Tokong, Penang
TOP obtained in December 2018

VERTU RESORT

Ongoing Development

Resort-inspired Urban Development

Vertu Resort, is not only Aspen Vision City's first residential development but is also the first resort-inspired high-rise development on mainland Penang. It is conceptualised as a sustainable development, with vast eco-inspired features that meet the Green Building Index (GBI) Certification for the silver standard.

Vertu Resort also comes with an option of move-in condition with fully-equipped electrical and kitchen appliances as well as home furnishings. Vertu Resort is filled with abundant facilities and amenities to suit individual styles and preferences such as 152m length Swimming Pool, Rooftop Social Lounge, Urban Farming, Social Kitchen, Pool Bar, Virtual Game Room and Spa Room. Vertu Resort offers plenty of activities in a holistic living environment.

Upon completion, Vertu Resort will elevate the living standard for its residents by introducing a never before experienced cosmopolitan lifestyle.

Highlights

- Freehold
- Versatile layouts cater for different needs
- Optional move-in condition with furniture, electrical and kitchen appliances
- 18,580 sqm of facilities spaces
- Expected Date of TOP : Q2 2021

GDV

RM665.6 mil

Total Units

Residential

1,246

Total Floor Area

131,330 sqm

Vertu Resort
Aspen Vision City, Penang

BEACON EXECUTIVE SUITES

Ongoing Development

A Glittering Icon of Exceptional Modern Living

Strategically located within one of the most well-connected enclaves in Penang, Beacon Executive Suites promises residents the best of both worlds, connectivity and conduciveness amidst a tranquil setting.

Gracing the skyline of George Town at 30 storeys high, Beacon Executive Suites features a unique and distinctive Sky Podium at its highest floor, which commands a panoramic 360-degree view and houses a full range of lifestyle facilities that include an Infinity Sky Pool, Sky Lounge, Sky Gym and many more.

Beacon Executive Suites offers optional ready to move-in condition suites with exquisite finishing, impeccable decor and quality furnishing all around. It is poised to set new standards in living as all units will be fitted with cutting-edge smart features like smart services platform and on-the-go mobile applications for urbanites that are constantly on the move.

With a futuristic smart lifestyle at its residents' fingertips, Beacon Executive Suites is set to change and redefine the landscape of smart living in Penang.

Highlights

- Freehold
- Equipped with IoT smart service solutions to enhance your home's functionality
- Optional ready to move-in condition
- Sophisticated rooftop Infinity Sky Pool, Sky Lounge and Sky Gym
- Expected Date of TOP : Q2 2021

GDV

RM149.4 mil

Total Units

Residential	Retail
227	4

Total Floor Area

24,048 sqm


Beacon Executive Suites
George Town, Penang

VIVO EXECUTIVE APARTMENT

Ongoing Development

VIVO™
executive apartment

A Rise of Aspirations: Start Your World

Vivo Executive Apartment offers the best of flexibility and function with stylish comfort that can be easily transformed into a workspace that supports even the biggest ambitions. Vivo Executive Apartment is where goals become a reality. It is built with a communal co-working space and a social kitchen for residents to collaborate and create networks. Its strategic location within the intelligent and self-sustaining metropolis of Aspen Vision City in Batu Kawan, Penang gives it the unique advantages of being integrated with the Regional Integrated Shopping Centre. Vivo Executive Apartment offers easy and convenient access to the North-South Highway and other major roads.

Affordably priced, Vivo Executive Apartment is conceptualised to appeal to young executives and families.

Highlights

- Freehold
- Integrating with Regional Integrated Shopping Centre
- Designed with communal co-working space and social kitchen
- Expected Date of TOP : Q4 2023

GDV

RM522.4 mil

Total Units

Residential	Retail
1530	14

Total Floor Area

110,149 sqm

Vivo Executive Apartment
Aspen Vision City, Penang

VILUXE

Pipeline Development

Landed Icon for Luxurious Living

Viluxe, the one and only freehold premium landed residence in Aspen Vision City, is conceptualised for the privileged few who appreciate the finer things in life. Strategically located at the centre of Aspen Vision City's masterplan and next to the 25-acre Central Island Park, Viluxe is conveniently connected to other Aspen Vision City components including IKEA Batu Kawan, Regional Integrated Shopping Centre, Vervea, Vertu Resort, Columbia Asia Medical Centre, Aloft Hotel and much more.

Viluxe is an embodiment of affluence within a thriving metropolis, with the prospect of being beyond a mere residential address. It is a conviction of modern living with unparalleled connectivity to the existing economic powerhouse within the Northern Corridor.

Viluxe is set to be a new hallmark for landed residential developments on mainland Penang.

Highlights

- The first and only Freehold premium landed homes in Batu Kawan
- The most prominent address on mainland Penang
- Gated and guarded landed community
- Fronting and with exclusive access to the 25-acre Central Island Park
- Expected Date of TOP : 2023 (Phase 1)

GDV

RM372.8 mil

Total Units

Residential

356

Total Floor Area

86,270 sqm


Viluxe
Aspen Vision City, Penang

VOGUE LIFESTYLE RESIDENCE, HOTEL & OFFICES

Pipeline Development

Vogue LIFESTYLE RESIDENCE

The Icon of Modern Living

Located in the pulsating heart of urbanity, Vogue Lifestyle Residence is a mixed development integrated with the acclaimed Aloft Hotel and IKEA Batu Kawan. It offers flexibility to residents in the form of 2 and 3 bedroom suites with dual key options to suit the versatile needs of buyers, especially upgraders.

The Aloft Hotel is the first international business class hotel in Batu Kawan and will consist of 308 rooms in its signature bold colour palettes and will be equipped with high-speed Wi-Fi and top-notch amenities.

Beyond the modern tranquility, it offers direct access to some of its most celebrated neighbours including the first IKEA store and Regional Integrated Shopping Centre in the Northern Region.

Vogue Lifestyle Residence is the new icon of contemporary living in the growing urban centre of Batu Kawan, Penang. It is an attraction to a myriad of international and local corporations, businesses and brands, with facilities and amenities all within easy reach.

Highlights
- Freehold
- Linked to IKEA Batu Kawan and Regional Integrated Shopping Centre
- Integrating with Aloft Hotel
- Experience an elevated lifestyle at your doorstep

GDV
RM620.7 mil

Total Units

Residential
627

Office Suites
81

Retail
20

Total Floor Area
110,669 sqm

Vogue Lifestyle Residence
Aspen Vision City, Penang

Chapter 5

PURPOSEFUL PERSEVERANCE is...
setting goals that challenge the status quo and empowering people, communities and cultures. By developing and implementing programs, campaigns and initiatives that bring out the best in people and contribute to their well-being we aim to raise the standard of living.

Lim Soo Aun
Chief Financial Officer

Community Engagement Events

Umbrella Sharing Initiative Campaign

24 JANUARY 2019

In line with Aspen Group's ongoing Umbrella Sharing Initiative Campaign, the Group installed additional umbrella stands and umbrellas at more schools on the island. With more connection points widely available, people can conveniently take an umbrella, use it and subsequently drop it off at the closest connection point. This initiative serves as a way to educate the younger generations on civic-mindedness within the community. It has bagged the 'Company of The Year Award' in the Overall Excellence Property Development in FY2019.

Gym Refurbishment Sponsorship for Bomba Bagan Jermal

28 JANUARY 2019

Aspen Group sponsored the refurbishment of Bagan Jermal Fire & Rescue Station's gymnasium where firefighters work out. The refurbishment of Aspen Group Gymnasium (AGYM) includes upgrading the inner and outer façades, along with providing essential gym equipments.

St. Joseph's Home Restoration

15 APRIL 2019

The Group responded to St. Joseph's Home request to restore dilapidated parts of their building which houses 43 children who are either orphans or from very poor socio-economic and psychological backgrounds. During the initial assessment carried out by our technical team, we found out that the ground floor male lavatory was completely closed due to unsafe condition and the first-floor male lavatory was being utilized at risk. These two facilities required a major rebuilding at a total cost of more than RM80,000. Having the children's security in mind, we took it as our responsibility in making sure that the building housing these children is safe at all times.

Nan Yang Property Tour at Aspen Vision City

04 MAY 2019

This date marked the Nan Yang Property Tour that was organised by the local Chinese news daily Nan Yang Siang Pau to Aspen Vision City. Various property investors attended this event during which they were thoroughly briefed on the developments in Aspen Vision City and given noteworthy Feng Shui tips.

Dates Distribution During Ramadan Month

17 MAY 2019

During the holy month of Ramadan, Aspenians distributed dates (kurma) to the public at the Komtar bus terminal, as well as the local authorities as a token of gratitude.

David Tao & Shin Fans Meeting

24 NOVEMBER 2019

Held at Vervea Trade & Exhibition Centre (VTEC) in Penang, the David Tao & Shin Fans Meeting was organised to honour the diehard fans of the duo. This date saw hundreds of fans excitedly redeeming their tickets a week before the fans meeting in their eagerness to join the meeting session.

PDC 50th Anniversary Fun Walk

30 NOVEMBER 2019

Aspen Group sponsored 20 underprivileged children to participate in the PDC Fun Walk 2019 which was held in conjunction with PDC's 50th Anniversary Celebration. In a show of support for PDC, 20 Aspenians joined in the walk and simultaneously bonded among co-workers.

Butterworth Fringe Festival 2019

07 DECEMBER 2019

Aspen Group actively collaborated with the vibrant Butterworth Fringe Festival 2019 by joining the two-way networking collaboration.

Co-workers Engagement Activities

Bowling Tournament

11 JANUARY 2019

Year 2019 kicked off with a bang in the form of the most exciting event for Aspenians, namely the bowling tournament. Aside from promoting team spirit among Aspenians, it was held to strengthen the relationship between co-workers and enable everyone to get to know each other better amidst a fun-filled atmosphere.

Paintball

16 FEBRUARY 2019

The paintball game revealed the sporting, competitive side of Aspenians as they strived to protect their team. This activity requires everyone to keep a sharp eye out for their own teammates to avoid being hit by the opposing team, thereby fostering teamwork.

Cycling

23 MARCH 2019

Aspenians enjoyed a pleasant ride as they leisurely cycled along the rural side of Balik Pulau while hunting for clues to solve a questionnaire given to them. They also gained the opportunity to learn about mangrove swamps. Feasting their eyes on the scenic view of the rural area, watching the sunset together and taking beautiful photographs as memories were the perfect ways to end the wonderful day.

Canoeing

13 APRIL 2019

Canoeing into the sea of Batu Ferringhi proved to be an invaluable learning session for many Aspenians as they zealously took on this challenge. Despite the scorching heat, it was an enjoyable session for all Aspenians.

Team Building 2019

26 - 28 JULY 2019

It was the time of the year again when Aspenians participated in the Group's Team Building that took place all the way at Genting Highlands. Synonymous with the team building motto 'One Spirit, One Team, One Dream', the team united in a cohesive and dynamic manner, driven by the aim of elevating the organisation to greater heights.

Mission Q

24 AUGUST 2019

Mission Q awakened the quick-witted minds of Aspenians as they needed to solve numerous puzzles and riddles besides identifying clues and collecting items in order to solve a mission and escape the room. It nurtures observation, teamwork, creativity, communication and courage among the team members.

ATV Adventure

19 OCTOBER 2019

Riding an ATV along the Balik Pulau trail was an adrenaline-pumping adventure for Aspenians. This was a truly challenging ride for many as they rode in pairs while relishing the breathtaking scenery of the recreational forest.

DSNA Tournament

16 NOVEMBER 2019

The annual DSNA Cup Badminton Tournament was held in conjunction with Aspen Group Executive Deputy Chairman, Dato' Seri Nazir Ariff's birthday. During this tournament, the enthusiastic badminton players played to the best of their abilities to defeat their rival co-workers and win the Cup title.

Chapter 6

PURPOSEFUL PERSEVERANCE is...
harnessing our understanding of the new normal with enthusiastic determination so that we can operate with greater efficiency. It also means taking a brave step collectively towards working together to emerge as better people and as a better organisation.

Cheah See Peng, Celine
Chief Operating Officer

Corporate Governance Report

The board of directors (the "**Board**") and the management of Aspen (Group) Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are strongly committed to high standards of corporate governance which are essential to the stability and sustainability of the performance of the Group, promotion of corporate transparency, accountability and integrity of the Group, protection of the interests of the Company's shareholders ("**Shareholders**") and maximisation of long-term shareholder value.

The Group has substantively complied with the recommendations of the revised Code of Corporate Governance 2018 ("**Code**"), issued on 6 August 2018, through effective self-regulatory corporate practices to protect and enhance the interests of its shareholders. This report describes the Company's corporate governance processes and activities in conjunction with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist's ("**Catalist Rules**") requirements that issuers describe its corporate governance practices that were in place during the financial year ended 31 December 2019 ("**FY2019**") with specific reference made to the principles and provisions of the Code. The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code and which sets out best practice standards for companies. Where there are deviations from the Code, appropriate explanations are provided.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The primary function of the Board is to lead and control the Company by forming an effective working relationship with the management as the Board is collectively and ultimately responsible for the long-term success of the Company.

Besides carrying out its statutory responsibilities, the Board's other roles are to:
i. provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
ii. establish a framework of prudent and effective controls which enables the identification, assessment and management of risks, including safeguarding of Shareholders' interests and the Group's assets;
iii. review management performance;
iv. identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
v. set the Group's values and standards (including a code of conduct and ethical standards), set appropriate tone-from-the-top and desired organisational culture, ensure proper accountability within the Company and ensure that obligations to Shareholders and other stakeholders are understood and met;
vi. consider sustainability issues, for example, environmental and social factors, as part of its strategic formulation; and
vii. provide oversight of the proper conduct of the Group's business and assume responsibility for corporate governance.

The directors of the Company (the "**Directors**") are of the view that they have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company. Directors facing conflict of interest have recused themselves from discussions and decisions involving the issues of conflict.

To assist the Board in the execution of its responsibilities, various Board committees, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") that are headed by Independent Directors, have been established and delegated with certain functions. The chairman of the respective committees will report to the Board on the outcome of the committee meetings and their recommendations on the specific agendas mandated to the committees by the Board. Further details of the scope and functions of the various committees are provided below in this corporate governance report ("**Report**").

The Board held at least four scheduled meetings each year to review and deliberate on the key activities and business strategies of the Group, including significant acquisitions and disposals, annual budget, financial performance and to endorse the release of the quarterly and annual financial results. Where necessary, additional meetings are held to address significant transactions or issues arising from the business operations of the Group.

Going forward, the Company will release announcements pertaining to the unaudited financial results of the Group on a half-yearly basis as required under the amendments made to the Catalist Rules, effective 7 February 2020. As such, in line with the Group's transition to a half-yearly reporting of its financial results, the Board will, moving forward, hold at least two scheduled meetings each year instead. Notwithstanding the meetings to be convened on a half-yearly basis, the Board will also convene ad-hoc meetings as and when circumstances require to review and deliberate on the key activities and business strategies of the Group.

The constitution of the Company (the "**Constitution**") provides for Directors to conduct meetings by teleconferencing, videoconferencing, audio-visual or other electronic means of communication. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board committees may also make decisions through circulating resolutions.

The attendance of the Directors at meetings of the Board and the Board committees during FY2019 is tabulated below:

	Board	General Meeting	Audit Committee	Nominating Committee	Remuneration Committee
Total number of meetings held	**4**	**2**	**4**	**2**	**2**
Number of meetings attended by respective directors					
Executive Directors					
Dato' Murly Manokharan	4	1	–	1	#1
Dato' Seri Nazir Ariff Bin Mushir Ariff	4	1	–	–	–
Ir. Anilarasu Amaranazan (1)	4	1	#2	–	–
Non-Independent Non-Executive Director					
Dr. Lim Su Kiat	4	2	4	#2	2
Mr. Ching Chiat Kwong	1	1	–	–	–
Mr. Low See Ching (Liu Shijin) (Alternate director to Mr. Ching Chiat Kwong)	2	1	–	–	–
Independent Directors					
Mr. Cheah Teik Seng	4	2	4	2	2
Dato' Alan Teo Kwong Chia	4	2	4	2	2
Dato' Choong Khuat Seng (2)	4	2	–	1	–

By invitation
(1) Ir. Anilarasu Amaranazan has been appointed as the Group Managing Director with effect from 1 February 2019.
(2) Dato' Choong Khuat Seng has been appointed as a member of Nominating Committee of the Company with effect from 1 February 2019.

Material matters which specifically require the Board's decision or approval are clearly communicated to the management in writing. They include the following corporate matters::

i. Announcement of financial statements;
ii. Interested persons transactions;
iii. Declaration of interim dividends and proposal of final dividends;
iv. Convening of shareholders' meetings;
v. Change in business direction;
vi. Authorisation of merger and acquisition transactions; and
vii. Authorisation of major transactions.

The Company has documented the guidelines for matters that require the Board's decision or approval.

The Company will provide a newly-appointed Director guidance and orientation (including management's presentation) which will allow such person to understand the Group's business operations, strategic directions and policies, corporate functions and governance practices. If necessary, on-site visits to the Group's local and overseas places of operation will be arranged for a newly-appointed Director. Upon appointment, a Director will be provided a formal letter which sets out his duties and obligations. If a newly-appointed Director does not have any prior experience as a director of a listed company, the Company will arrange for such person to undertake training in the roles and responsibilities of a director of a listed company and to familiarise such person with the relevant rules and regulations governing a listed company.

While the Directors are generally responsible for their own individual training needs, the Company is responsible for arranging and funding the training of Directors. As such, continuous and on-going training programmes are made available to the Directors from time to time, such as courses on directors' duties and responsibilities as well as seminars and talks on relevant subject fields.

A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. As Ir. Anilarasu Amaranazan has been newly appointed as the Group Managing Director on 1 February 2019, he has undergone one of the four mandatory training courses in the roles and responsibilities of a director of a listed company as prescribed by SGX-ST. He has yet to complete the remaining three mandatory training courses due to time constraints and business commitments such as attending weekly meetings with local authorities for the Group's projects which restricted him from traveling to Singapore to attend the relevant courses. Ir. Anilarasu Amaranazan shall endeavour to complete the remaining three (3) mandatory training courses within year 2020.

The Directors are conscious of the importance of continuing education in areas such as legal and regulatory responsibilities and accounting issues, so as to update and refresh themselves on matters that may affect their performance as a Board, or as a member of a Board committee by attending training for Directors on such relevant new laws, regulations and changing commercial risks from time to time when appropriate.

Access to Information

The Directors are provided with complete, adequate and timely information in the form of Board papers and all other relevant materials prior to each Board and Board committees meetings and at such other time as necessary on an ongoing basis to enable the Directors to make informed decisions and discharge their duties and responsibilities. Information provided to the Board includes background information relating to the matters to be brought before the Board. Relevant information on material events and transactions are circulated to the Directors as and when they arise. The Board also receives regular reports pertaining to the operational and financial performance of the Group with explanations for material variance between budget and actual performance. In respect of budgets, any material variance between the projections and actual results will be disclosed and explained.

The Board members have separate and independent access to the management, who will provide additional information as may be needed by the Board to make informed decisions in a timely manner.

The Board members also have separate and independent access to the Company Secretaries. The role of the Company Secretaries is clearly defined and includes responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the Chairman's direction, the Company Secretaries should ensure good information flow within the Board and the Board committees and between the management and non-executive Directors, advising the Board on all governance matters and facilitating orientation and assisting with professional development as may be required. The Company Secretaries attend all meetings of the Board and Board committees and minutes of the Board and Board committees are circulated to the whole Board for review and information.

The Board is fully involved in and responsible for the appointment and removal of the Company Secretaries.

Where the Directors, either individually or as a group, in the furtherance of their duties, require professional advice, the management will assist them in obtaining independent professional advice, at the Company's expense.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board of the Company comprises the following Directors: -

Name of Director	Position in the Board
Mr. Cheah Teik Seng	Chairman and Independent Non-Executive Director
Dato' Murly Manokharan	President and Group Chief Executive Officer
Dato' Seri Nazir Ariff Bin Mushir Ariff	Executive Deputy Chairman
Ir. Anilarasu Amaranazan	Group Managing Director
Dr. Lim Su Kiat	Non-Independent Non-Executive Director
Dato' Alan Teo Kwong Chia	Independent Non-Executive Director
Mr. Ching Chiat Kwong	Non-Independent Non-Executive Director
Dato' Choong Khuat Seng	Independent Non-Executive Director
Mr. Low See Ching (Liu Shijin)	Alternate Director to Mr. Ching Chiat Kwong

The Company believes that there should be a strong and independent element on the Board in order for it to exercise objective judgment on corporate and business affairs. Hence, the Board comprises eight Directors, out of whom three are Independent Directors, two are Non-Independent and Non-Executive Directors and three are Executive Directors, and the AC, RC and NC are constituted in compliance with the Code. The Board has a strong and independent element with three (3) independent Directors that make up to more than one-third of the Board, in compliance with Provision 2.1 of the Corporate Governance Code 2012. The Company also believes that the Independent Directors should be selected for their diverse expertise so that they can provide a balance of views.

As set out under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. The NC deliberates to determine the independence of a Director bearing in mind the salient factors set out under this provision in the Code as well as all other relevant circumstances and facts. To facilitate the NC in its review of the independent status of the Directors, each Independent Director will confirm his independence. The Executive Directors are considered non-independent. During FY2019, the NC has reviewed and has confirmed the independence of the Independent Directors in accordance with the Code. There were no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

There are no Independent Directors who have served on the Board beyond nine (9) years from the date of his first appointment.

The NC is of the view that the Board has the requisite blend of expertise, skills and attributes to oversee the Group's business. Collectively, they have competencies in areas that are relevant and valuable to the Group, such as accounting, corporate finance, business development, management, sales and strategic planning. In particular, the Executive Directors have many years of experience in the industry that the Group operates in. The NC considers that the Board's present size is adequate for effective debate, strategic decision-making and in exercising accountability to Shareholders and delegating authority to the management, taking into account the nature and scope of the Group's operations. As the Group's activities continue to grow, the NC will continuously review the composition of the Board so that it will have the necessary competency to be effective. The NC will further consider other aspects of diversity such as gender and age, and assist the Board to put in place a board diversity policy and progress for implementation of such policy, so as to avoid groupthink and foster constructive debate. The Board currently does not have a female director. While the NC is aware of the merits of gender diversity to the Board composition, the NC notes that it is only one of the many aspects of diversity. While due consideration would be given to female representation on the Board, the NC will continue to make its selection of candidates based on objective criteria which it believes is in the best interest of the Company.

The Non-Executive Directors (including the Independent Directors) provide constructive advice on the Group's strategic and business plans. They constructively challenge and help develop proposals on strategy for the Group. They also review the performance of the management in relation to agreed goals and objectives and monitor the reporting of performance of the Group. The Company has complied with Provision 2.3 of the Code as a majority of the Board members are non-executive directors.

To facilitate more effective checks on management, the Non-Executive Directors are encouraged to meet as and when necessary without the presence of the management. The Non-Executive Directors did not meet without the presence of the management during FY2019 as they are of the view that such meeting(s) were not necessary.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Company believes that a clear division of responsibilities between the Non-Executive Chairman and the Group Chief Executive Officer ("**Group CEO**") ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The positions of the Non-Executive Chairman and Group CEO are held by Mr. Cheah Teik Seng and Dato' Murly Manokharan respectively and they are not related to each other.

The Chairman's duties and responsibilities include:
i. leading the Board to ensure its effectiveness on all aspects of its role;
ii. setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
iii. promoting a culture of openness and debate at the Board;
iv. ensuring that the Directors receive complete, adequate and timely information;
v. ensuring effective communication with Shareholders;
vi. encouraging constructive relations within the Board and between the Board and the management;
vii. facilitating the effective contribution of Non-Executive Directors;
viii. encouraging constructive relations between Executive Directors and Non-Executive Directors; and
ix. promoting high standards of corporate governance.

In the event the Chairman is conflicted, the Executive Deputy Chairman will provide leadership over the Board to oversee the Chairman's duties and responsibilities.

The Group CEO's duties and responsibilities include:
i. improving, developing, extending, maintaining, advising and promoting the Group's businesses to protect and further the reputation, interest and success of the Company and the Group;
ii. undertaking such duties and exercising such powers in relation to the Group and their businesses as the Board shall from time to time properly assign to or vest in him in his capacity as the Group CEO and all other matters incidental to the same; and
iii. overseeing, formulating and implementing corporate strategies and directions for the affairs of the Group.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The appointment of new Directors to the Board is recommended by the NC which comprises four (4) Directors, namely, Dato' Alan Teo Kwong Chia (Chairman of the NC), Mr. Cheah Teik Seng, Dato' Murly Manokharan and Dato' Choong Khuat Seng. As Dato' Alan Teo Kwong Chia, Mr. Cheah Teik Seng and Dato' Choong Khuat Seng are Independent Directors, the NC comprises a majority of independent directors.

The principal functions of the NC, regulated by written terms of reference and undertaken by the NC during FY2019, are as follows:

i. review board succession plans for Directors;
ii. develop a process for evaluation of the performance of the Board, the various Board committees and the Directors;
iii. review the training and professional development programs for the Board;
iv. review, assess and make a recommendation to the Board on all Board selection, appointments and re-appointments, taking into consideration the composition and progressive renewal of the Board and each Director's competencies, contributions and performance;
v. review and determine annually the independence of Directors;
vi. decide the assessment process and implement a set of objective performance criteria to be applied from year to year for evaluation of the Board's performance; and
vii. evaluate the Board's effectiveness as a whole and each Director's contribution to its effectiveness in accordance with the assessment process and performance criteria adopted, including deciding whether a Director is able to and has been adequately carrying out his/her duties when he/she has multiple board representations.

The NC leads the process and makes recommendations to the Board for the selection and approval of the appointment of new Directors as follows:

i. evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with the management, prepares a description of the role and the essential and desirable competencies for a particular appointment;
ii. while existing Directors and the management may make suggestions, seeks external help where necessary to source for potential candidates;
iii. meets with short-listed candidates to assess their suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
iv. makes recommendations to the Board for approval.

The Board understands that appointment of alternate directors should generally be avoided. At present, only one (1) alternate Director i.e. Mr. Low See Ching (Liu Shijin) has been appointed to the Board who will only act as the appointed Director of the Company where Mr. Ching Chiat Kwong would otherwise be unable to act. As Mr. Ching and Mr. Low were respectively appointed as the Director and the alternate Director at the same time, Mr. Low is equally familiar with the Company's affairs and the NC and the Board have after a due review concluded that Mr. Low is similarly qualified as Mr. Ching prior to his appointment.

Regulations 97 and 98 of the Constitution of the Company provide that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and are eligible for re-election at each annual general meeting ("**AGM**"). Rule 720(4) of the Catalist Rules prescribes that all Directors are required to retire from office at least once in every three (3) years. Newly appointed Directors shall hold office only until the next AGM and are eligible for re-election at the AGM pursuant to Regulation 103 of the Constitution of the Company. Shareholders approve the re-election of Board members at the AGM.

The NC assesses and recommends to the Board the retiring directors to be re-elected at the forthcoming AGM. When an existing director chooses to retire or is required to retire from office by rotation, the NC takes the factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contribution of a director when making its recommendations to the Board.

The NC has recommended and the Board has agreed for the following directors to retire and seek for re-election at the forthcoming AGM:

a. Mr. Cheah Teik Seng (retiring under Regulation 97 of the Constitution of the Company);
b. Dato' Seri Nazir Ariff Bin Mushir Ariff (retiring under Regulation 97 of the Constitution of the Company); and
c. Dr. Lim Su Kiat (retiring under Regulation 97 of the Constitution of the Company).

Mr. Cheah Teik Seng will, upon re-election as Director, remain as the Chairman and Independent Non-Executive Director, Chairman of the AC and RC as well as a member of the NC. He will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Dato' Seri Nazir Ariff Bin Mushir Ariff will, upon re-election as Director, remain as the Executive Deputy Chairman of the Company.

Dr. Lim Su Kiat will, upon re-election as Director, remain as a Non-Independent Non-Executive Director as well as a member of the AC and RC. He will be considered non-independent for the purpose of Rule 704(7) of the Catalist Rules.

The detailed information of these directors, including information as required under Appendix 7F of the Catalist Rules can be found on pages 148 - 160.

Mr. Cheah Teik Seng, Dato' Seri Nazir Ariff Bin Mushir Ariff and Dr. Lim Su Kiat, had abstained from participating in the discussion and recommendation on their respective nominations.

The NC determines the independence of Directors in accordance with the provisions set out in the Code and the declaration form completed by each Independent Director disclosing the required information.

The NC is of the opinion that the Board has been able to exercise objective judgment on corporate affairs independently and that the Board's decision making process is not dominated by any individual or small group of individuals.

The NC also determines whether a Director with multiple board representations is able to and has been adequately carrying out his duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director and the respective Directors' actual conduct on the Board. The NC is satisfied that all the Directors have been able to and have adequately carried out their duties as Director notwithstanding their multiple board representations. Notwithstanding the multiple board representations by the Directors, the Directors are still able to spend adequate time on the Company's affairs, respond to the resolutions and have duly discharged their responsibilities.

The NC and the Board are of the view that there should not be any restriction to the number of board representations that each Director may take up as multiple board representations do not necessarily hinder the Directors from carrying out their duties. The NC and the Board are of the view that multiple board representations may be beneficial as these widen the experience of the Directors and broaden the perspective of the Directors and the Board.

Key information regarding the Directors is disclosed below and also under the sections on "Board of Directors" and "Disclosure of information on directors seeking re-election" pursuant to Rule 720(5) of the Catalist Rules in this Annual Report on pages 21 and 148 respectively.

Name of Director & Positions	Date of first appointment	Date of last re-election	Academic & Professional Qualifications	Shareholding in Company & related corporations	Current Directorships or Chairmanships in other listed companies	Other principal commitments	Directorships and Chairmanships held over the preceding three (3) years in other listed companies
Dato' Murly Manokharan • President & Group CEO • Member of NC	22-12-2016	25-04-2019	Executive Diploma in Project Management, University of Technology Malaysia	(i) Deemed interest of 50.40% in the Company via 64.76% shareholding in Aspen Vision Group Sdn. Bhd.; and (ii) Deemed interest of 1.05% in the Company via 100% shareholding in Intisari Utama Sdn. Bhd.	Nil.	Nil.	Nil.
Dato' Seri Nazir Ariff Bin Mushir Ariff • Executive Deputy Chairman	30-05-2017	25-04-2018	• Certificate of Membership, British Institute of Management • Management Development Programme, Ashridge Management College, UK • Management Development Programme, Asian Institute of Management, the Philippines • Association of Certified and Corporate Accountants'	Nil.	• PBA Holdings Berhad, Malaysia • Texchem Resources Berhad, Malaysia	Nil.	Nil.
Mr. Cheah Teik Seng • Independent Director & Chairman of the Board • Chairman of AC & RC • Member of NC	20-06-2017	25-04-2018	• Bachelor of Science (Honours), University of Manchester, UK • Fellow of the Institute of Chartered Accountants in England and Wales	4,480,252 ordinary shares in the Company	Nil.	Lima Capital Asia Pte Ltd (Chief Executive Officer)	Nil.
Dato' Alan Teo Kwong Chia • Independent Director • Chairman of NC • Member of AC & RC	20-06-2017	25-04-2019	• ASEAN Senior Manager Development Program, Harvard Business School Alumni Club of Malaysia • Premier Business Manager Program, Harvard Club of Malaysia	205,516 ordinary shares in the Company	Nil.	Nil.	Nil.

Name of Director & Positions	Date of first appointment	Date of last re-election	Academic & Professional Qualifications	Shareholding in Company & related corporations	Current Directorships or Chairmanships in other listed companies	Other principal commitments	Directorships and Chairmanships held over the preceding three (3) years in other listed companies
Dr. Lim Su Kiat • Non-Executive Non-Independent Director • Member of AC & RC	22-12-2016	25-04-2018	• Bachelor of Business (Accounting), Monash University, Australia • Master of Business (Accounting), Monash University, Australia • Doctor of Philosophy, Monash University, Australia	20,552 ordinary shares in the Company	Nil.	Firmus Capital Pte. Ltd. (Chief Executive Officer)	Nil.
Mr. Ching Chiat Kwong • Non-Executive Non-Independent Director	25-05-2018	25-04-2019	• Bachelor of Arts, National University of Singapore • Bachelor of Social Sciences with Honours, National University of Singapore	Deemed interest of 10.31% in the Company via shareholdings in Oxley Holdings Limited	• Oxley Holdings Limited	Nil.	• Artivision Technologies Ltd. • HG Metal Manufacturing Limited • Median Group Inc. (formerly Clixter Mobile Group Inc.)
Mr. Low See Ching (Liu Shijin) • Alternate Director to Mr. Ching Chiat Kwong	25-05-2018	N.A.	• Bachelor of Accountancy, Nanyang Technological University, Singapore	Deemed interest of 10.31% in the Company via shareholdings in Oxley Holdings Limited	• Oxley Holdings Limited • Hafary Holdings Limited	Nil.	Nil.
Dato' Choong Khuat Seng • Non-Executive Independent Director • Member of NC	28-06-2018	25-04-2019	• Bachelor of Arts in Economics, City of Birmingham Polytechnic • Master of Business Administration, The University of Aston in Birmingham	Nil.	Nil.	Nil.	Nil.
Ir. Anilarasu Amaranazan • Group Managing Director	01-02-2019	25-04-2019	• Bachelor of Engineering (Civil), University of Technology Malaysia • Masters of Science (Construction Management), University of Technology Malaysia • Member of the Institute of Engineering Malaysia • Professional Member of the Board of Engineers Malaysia	242,000 ordinary shares in the Company	Nil.	Nil.	Nil.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC has implemented a formal Board evaluation process in assessing the effectiveness of the Board, the various Board committees and the individual Directors. The objective of the annual evaluation is to identify areas for improvement and to implement appropriate action. The NC did not engage any external facilitator's services with respect to the evaluation process.

The Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board, the various Board committees and the individual Directors for FY2019. The results of the appraisal exercise were tabulated, analysed and considered by the NC which then made recommendations to the Board on areas for improvement, aimed at helping the Board to discharge its duties more effectively.

The appraisal process focused on, inter alia, the areas of evaluation on the Board such as Board composition and size, access to information, Board procedures, Board accountability and standards of conduct.

The appraisal process for the AC encompasses AC's composition and size, committee process, accountability, internal controls and risk management systems and audit process whereas the appraisal process for the NC and the RC evaluates the respective committee's composition and size and committee process.

Following the review in FY2019, the NC is of the view that the Board and its various Board committees have operated efficiently and each director is contributing to the overall effectiveness of the Board as a whole and that the relevant criteria for the review of the performance of the Board and the Board Committees will be maintained from year to year, subject to such necessary change(s) which is to be approved by the Board.

The Board has met its performance objectives for FY2019.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The members of the RC comprise entirely of Non-Executive Directors, namely Mr. Cheah Teik Seng (Chairman of the RC), Dato' Alan Teo Kwong Chia and Dr. Lim Su Kiat. Mr. Cheah Teik Seng and Dato' Alan Teo Kwong Chia are Independent Directors. As such, the RC comprises a majority of independent directors.

The principal functions of the RC, regulated by written terms of reference and undertaken by the RC during FY2019, include the following:

i. review and recommend to the Board a general framework of remuneration and specific remuneration package for the Board and key management personnel covering all aspects of remuneration, including but not limited to fees, salaries, allowances, bonuses, share-based incentives and benefits-in-kind;
ii. review and ensure that the remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive;
iii. structure an appropriate portion of Executive Directors' and key management personnel's remuneration so as to link rewards to corporate and individual performance so as to align them with the interests of Shareholders and promote the long-term success of the Group; and
iv. review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service to ensure that the termination clauses are fair and reasonable and not overly generous to avoid rewarding poor performance.

The RC reviews the framework for remuneration of the Board and the key management personnel and recommends to the Board for adoption. The RC also determines specific remuneration packages and terms of employment for each Executive Director and key management personnel.

The RC's recommendations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, benefits-in-kind and termination terms for the Board and key management personnel are covered by the RC.

Each member of the RC will abstain from voting on any resolutions in respect of his remuneration package.

There were no remuneration consultants engaged in FY2019. The RC will if necessary, seek expert advice inside and/or outside the Company on remuneration matters.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Executive Directors do not receive Directors' fees. The performance-related elements of remuneration are designed to align the interests of Executive Directors with those of Shareholders and link rewards to the Group's financial performance.

The Company had entered into separate service agreements with the Executive Directors and the newly appointed Executive Director, Ir. Anilarasu Amaranazan, in which the terms of their employment are stipulated. Their initial term of employment is for a period of three (3) years from the date of admission of the Company to the Catalist (being 28 July 2017), save for Ir. Anilarasu Amaranazan who was appointed on 1 February 2019 and thereafter, their employment is renewed annually subject to termination clauses in the service agreements. The service agreement may be terminated by giving not less than six (6) months' prior written notice. Under the service agreements, each of the Executive Directors is entitled to be paid an incentive bonus annually which is pegged to the financial performance achieved by the Group for that financial year.

The Non-Executive Directors (including the Independent Directors) are paid a base fee. An additional fee is also paid to Non-Executive Directors for serving on any of the board committees. Such fees are pro-rated if a Director serves for less than one (1) year. The Directors' fees are subject to approval by Shareholders at the AGM.

The Company has adopted the AV Employee Share Option Scheme (the "**ESOS**") on 19 June 2017 prior to its listing on the Catalist board of the SGX-ST. The ESOS shall be administered by a committee comprising members of NC and RC (the "**Administration Committee**"). The purpose of the ESOS is to provide an opportunity for employees of the Group to participate in the equity of the Company so as to motivate them towards greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Under the rules of the ESOS, the options that are granted may have exercise prices that are, at the Administration Committee's discretion, set at the price ("**Market Price**") equal to the average of the last dealt prices for the Company's ordinary shares ("**Shares**") on the Catalist for the five consecutive trading days immediately preceding the relevant date of grant of the relevant option, or (provided that Shareholders' approval is obtained in a separate resolution) at a discount to the Market Price (subject to a maximum discount of 20% or such other percentage or amount as may be determined by the Administration Committee and as permitted by the SGX-ST). Options which are fixed at the Market Price may be exercisable at any time by the participant after the first anniversary of the date of grant of that option while options granted at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the option. Options granted under the Scheme will have a life span of ten (10) years. The options may be exercisable in whole or in part, on payment of the exercise price.

Since the commencement of the ESOS till the end of the FY2019:
- no option has been granted to the controlling shareholders of the Company or their associates;
- no participants have received more than 5% of the total number of options available to be allotted and issued under the ESOS;
- no option has been granted to the directors and employees of the Group and/or its parent company and its subsidiaries; and
- no option has been granted at a discount.

Accordingly, disclosure as required pursuant to Rule 851(1) of the Catalist Rules is not applicable.

In addition to the ESOS, the Company has adopted the AV Performance Share Plan (the "PSP") on 19 June 2017 prior to its listing on the Catalist board of the SGX-ST. The PSP was implemented to complement the ESOS and to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve increased performance. On 4 October 2019, the Company has granted 84,800 ordinary shares under the PSP to its employees. No shares were awarded to any directors, controlling shareholders or their associates under the PSP and none of the participants received more than 5% of the total number of shares available to be allotted and issued under the PSP.

In setting remuneration packages, the Company keeps in mind the pay and employment conditions within the industry and in comparable companies. The level and structure of remuneration should be aligned with the Company's long-term interest and risk policies and appropriate to attract, retain and motivate the Directors and the key management personnel to respectively provide good stewardship of the Company and manage the Company effectively. If required, the Company will engage professional advice to provide guidance on remuneration matters.

The RC and Board are of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or misconduct resulting in a financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors and key management personnel in the event of such exceptional circumstances or breach of fiduciary duty.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Given the highly competitive condition of the industry that the Group operates in and the sensitivity of remuneration matters, the Board is of the view that it is not in the best interest of the Company to disclose the full remuneration of the Executive Directors and the key management personnel, breakdown of the remuneration of the key management personnel as well as the aggregate amount of remuneration paid or payable to the key management personnel.

A breakdown showing the level and mix of the remuneration of the Directors paid or payable in respect of FY2019 is as follows:

	Base/ Fixed Salary and EPF[1] (%)	Performance- related income[2] (%)	Directors' Fees 2018[3] (%)	Benefit-in-Kind (%)	Total (%)
S$1,750,001 to S$2,000,000 p.a.					
Dato' Murly Manokharan	87.39	12.61	0.00	0.00	100.00
S$250,001 to S$500,000 p.a.					
Dato' Seri Nazir Ariff	84.56	13.14	0.00	2.30	100.00
Ir. Anilarasu Amaranazan	86.14	10.26	0.00	3.60	100.00
S$0 up to S$250,000 p.a.					
Mr. Cheah Teik Seng	0.00	0.00	100.00	0.00	100.00
Dr. Lim Su Kiat	0.00	0.00	100.00	0.00	100.00
Dato' Alan Teo	0.00	0.00	100.00	0.00	100.00
Mr. Ching Chiat Kwong	0.00	0.00	100.00	0.00	100.00
Dato' Choong Khuat Seng	0.00	0.00	100.00	0.00	100.00

Note:
1. EPF denotes Employees Provident Fund.
2. Bonuses declared for FY2018, paid in FY2019.
3. In respect of FY2019, the amount of Directors' Fees proposed to be payable to the Non-Executive Directors (including the Independent Directors) are subject to the approval of Shareholders at the forthcoming AGM.

No Director has been granted the share-based award during FY2019.

The total remuneration paid or payable to the Group's top five (5) key management personnel (who is not a Director or CEO) for FY2019 are as follows:-

Key Management Personnel	Remuneration Band
Puan Zainun Binti Abdul Rahman	A
Mr. Lim Soo Aun	A
Ms. Cheah See Peng, Celine	A
Ms. Chong Meng Fong, Joanne	A
Ms. Rowena Nair	A

"Band A" means S$0 up to S$250,000 per annum.

The Executive Directors and key management personnel are not entitled to any benefits upon termination, retirement or post-employment.

During FY2019, the Group does not have any employees who are substantial shareholders of the Company or are immediate family members of a Director, the CEO or a substantial shareholder of the Company.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Accountability
The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the interests of the Group. The Board provides a balanced and understandable assessment of the Group's performance, position and prospects through announcements of the Group's quarterly and full-year financial results, and announcements of the Group's major corporate developments from time to time. In line with the continuous disclosure obligations under the Catalist Rules, the Board has and will continue to inform Shareholders promptly of all pertinent information. Such information is disclosed to Shareholders on a timely basis through SGXNet. All disclosures submitted to the SGX-ST on SGXNet are also made available on the Company's corporate website (aspen.sg). Commencing from the financial year ending 31 December 2020 ("**FY2020**"), the Company will release its Group's financial results on a half-yearly basis.

The Board is accountable to the Shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to Shareholders in compliance with statutory requirements and the Catalist Rules. The management provides the Board with the management accounts on a regular basis and as the Board may require from time to time. Such reports keep the Board informed of the Group's performance and contain explanation and information to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Risk Management and Internal Controls
The Board is committed to maintaining a sound system of internal controls to safeguard Shareholders' investments and the Group's assets. The Board oversees the management in the design, implementation and monitoring of risk management and internal control systems and is responsible for determining the nature and the extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Company currently does not have a Board Risk Committee as the Board is of the view that the Board and AC, with the help of the management, is sufficient in addressing the risk management and internal controls of the Company.

The AC and the Board review on an annual basis the adequacy of the Group's internal controls, operational and compliance controls, and risk management policies and systems established by the management. The system of internal controls and risk management established by the Company are designed to manage, rather than eliminate the risk of failure in achieving the Group's strategic objectives. The management is involved in regular reviews of the risks that are significant to the fulfilment of the objectives of the business. However, it should be recognised that such systems are designed to provide reasonable assurance, but not an absolute guarantee against material misstatement or loss. During FY2019, the Company's appointed internal auditor, BDO LLP, has conducted an internal audit review based on an agreed scope of review. In respect of FY2019 under review, the Board has received a written assurance from the Group CEO and Chief Financial Officer ("**CFO**"):-

(i) confirming that the Group's financial records have been properly maintained and the Group's consolidated financial statements for FY2019 give a true and fair view of the Group's operations and finances; and

(ii) confirming that the Group's risk management and internal control systems in place were adequate and effective to address the financial, operational, compliance and information technology risks, and risk management systems in the context of the current scope of the Group's business operations.

Based on (i) the internal controls established and maintained by the Group, (ii) work performed by the internal and external auditors, (iii) reviews performed by the management, the AC and the Board, and (iv) the aforementioned letter of assurance provided by the Group CEO and CFO, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems were adequate and effective for FY2019 to address the risks that the Group considers relevant and material to its operations.

The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. However, the Board, together with the AC and the management, will review the adequacy and effectiveness of the internal control framework on an on-going basis and address any specific issues or risks whenever necessary.

Internal Audit

The internal audit function is currently outsourced to Messrs BDO LLP, which reports directly to the AC. The AC approves the appointment, termination, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC and has appropriate standing within the Company.

In the opinion of the Board, Messrs BDO LLP meets the standards set out by both nationally and internationally recognised professional bodies and is satisfied that the internal auditors are qualified and experienced personnel.

The internal audit plans are reviewed and approved by the AC, to ensure the adequacy of the scope of audit with the arising audit outcome presented and reviewed by the management, the AC and the Board.

The AC has reviewed and is satisfied that the Company's internal audit function for FY2019 is independent, effective and adequately resourced.

The AC will annually review the scope and results of the internal audit and ensure that the internal audit function is adequately resourced.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has AC which discharges its duties objectively.

The AC comprises three Non-Executive Directors, namely Mr. Cheah Teik Seng (Chairman of the AC), Dato' Alan Teo Kwong Chia and Dr. Lim Su Kiat. The AC is comprised of a majority of independent directors, including the Chairman of the AC.

All members of the AC have extensive related management and financial experience. The Board considers them as having sufficient financial management knowledge and experience to discharge their responsibilities in the AC.

The AC has full access to, and co-operation from the management, and has full discretion to invite any Director, executive officer or other persons to attend its meetings. It may require any such Director, officer or other person in attendance to leave the proceedings (temporarily or otherwise) to facilitate open discussion.

The duties and responsibilities of the AC are contained in written terms of reference, which are mainly to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, business and financial risk management. The duties of the AC include the following:

i. recommending to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
ii. reviewing the adequacy, effectiveness, independence, scope, changes, results and cost-effectiveness of the external and internal audit plan and process, and the independence and objectivity of the auditors;
iii. reviewing the Group's quarterly and annual financial statements and related notes and announcements relating thereto, accounting principles adopted, and the external auditors' report prior to recommending to the Board for approval;
iv. reviewing, evaluating and reporting to the Board at least annually, having regard to input from external and internal auditors, the adequacy and effectiveness of the system of internal controls, including financial, operational, compliance and information technology controls;
v. reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the external auditors and ensuring that these do not affect the independence and objectivity of the external auditors;
vi. reviewing any significant financial reporting issues and judgments and estimates made by the management, so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
vii. reviewing the adequacy and effectiveness of the Group's internal audit function;
viii. reviewing the interested person transactions reported by the management to ensure that they were carried out on normal commercial terms, and are not prejudicial to the interests of Shareholders;
ix. reviewing the assurance from the Group CEO and CFO on the financial records and financial statements; and
x. reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC has met with the internal auditors and external auditors without the presence of the Company's management during FY2019 to review any matters raised then.

In respect of FY2019, the AC has reviewed the independence of the external auditors, Messrs KPMG LLP and recommended that Messrs KPMG LLP be nominated for re-appointment as auditors at the forthcoming AGM. In recommending the re-appointment of the auditors, the AC considered and reviewed a number of key factors, including amongst other things, the adequacy of the resources and experience of the supervisory and professional staff as well as audit engagement partner to be assigned to the audit, and size and complexity of the Group and its businesses and operations. The Group has also complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of its external auditors.

The total fees paid in respect of audit and non-audit fees to the external auditors, Messrs KPMG LLP for FY2019 are as stated below.

External Auditors Fees for FY2019	RM '000	% of total fees
Total audit fees	471	100
Total non-audit fees	-	-
Total fees paid	471	100

No non-audit services have been provided by the external auditors for FY2019.

The AC has reviewed the amount of fees paid for non-audit services to the external auditors and the AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC has the authority to investigate any matter brought to its attention within its terms of reference, with the authority to engage professional advice at the Company's expense.

The Group has in place a whistle-blowing policy which allows employees to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence and ensures that there is independent investigation of such matters and appropriate follow up action. Details of the whistle-blowing policy have been made available to all employees of the Group. The AC will review the whistle blowing policy from time to time and will consider extending the whistle-blowing policy to persons other than employees in due course.

Details of the activities of the AC are also provided under Principles 11 and 13 of this report. In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements as well as attending the relevant external training and seminars in respect thereof.

No former partner or director of the Company's existing auditing firm is a member of the AC. None of the members of the AC has any financial interest in the auditing firm.

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholder Rights

Shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuous disclosure obligations of the Company, pursuant to the Catalist Rules and Companies Act, the Board's policy is that Shareholders should be informed in a comprehensive manner and on a timely basis of all material developments of the Group which would be likely to materially affect the price or value of the Company's Shares.

Shareholders have the opportunity to participate effectively in and vote at general meetings of Shareholders. They will be informed of the rules, including voting procedures that govern the general meetings.

The Company allows corporations which provide nominee or custodial services to appoint more than two proxies so that Shareholders who hold Shares through such corporations can attend and participate in general meetings as proxies.

Conduct of General Meetings

The Board supports the Code's principle to encourage Shareholders' participation at general meetings.

The Board encourages Shareholders to attend general meetings to ensure a greater level of Shareholders' participation and to meet with the Board and the key management personnel so as to stay informed of the Group's developments and to raise issues and ask the Directors or the management questions regarding the Group's business and operations. The Directors, including the Chairman of the AC, NC and RC, and the management as well as external auditors will be present at general meetings to address Shareholders' queries.

Currently, the Constitution of the Company allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. Pursuant to Section 181 of the Companies Act, a member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his stead. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

The Company practices having separate resolutions at general meetings on each substantially separate issue. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. The Company also makes available minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the general meetings and responses from the Board or the Management, to Shareholders upon their requests. The Company does not publish minutes of general meetings on its corporate website as contemplated by the Code. There are potential adverse implications, including commercial and legal implications, for the Company if the minutes of general meetings are published to the public at large. The Company is of the view that its position is consistent with the intent of Principle 11 of the Code as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11 of the Code, as between themselves, shareholders are treated fairly and equitably by the Company.

The Company will conduct voting by poll and an announcement detailing the results, including the total number of votes cast for and against each resolution and the respective percentages will be announced via SGXNet after the conclusion of the general meeting.

As the authentication of shareholder identity and other related security and integrity issues still remain a concern, the Company has decided for the time being, not to implement absentia voting methods such as voting via mail, e-mail or fax.

The Company has adopted a dividend policy ("Dividend Policy"), which was announced via SGXNet on 7 September 2017. As disclosed in the Dividend Policy, the Company will declare annual dividends, including interim dividends, of not less than 20% of the Company's consolidated profit after tax and non-controlling interest, excluding non-recurring, one-off and exceptional items, in respect of any financial year commencing financial year ending 31 December 2018 to its shareholders, subject to inter alia, the Company's retained earnings, financial position, capital expenditure requirements, future expansion, investment plans, approval from lenders and other relevant factors. The Board has declared an interim dividend (tax exempt single-tier) of S$0.00342 per ordinary share for the financial year ended 31 December 2019 amounting to 46.08% of the Company's consolidated profit after tax and non-controlling interest, excluding non-recurring, one-off and exceptional items for the financial year ended 31 December 2019.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Communication with Shareholders is managed by the Board and Management.

The Company does not have an investor relations policy as the Company is of the view that the communication channels provided via SGXNet and the Company's corporate website (aspen.sg) are sufficient to provide timely communication of material events to shareholders.

The Company does not make price-sensitive disclosure to a selected group. All announcements are released via the SGXNet and are also available on the Company's corporate website (aspen.sg). The Company's Annual Report, notice of AGM, proxy form and questions form will be accessible through the SGXNet and publication on our corporate website.

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations as provided in the Group's 2018 Sustainability Report, the Company has regularly engaged its stakeholders through various channels to ensure that the business interests of the Group are aligned with those stakeholders, to understand and address the concerns so as to improve services and products standards, as well as to sustain business operations for long-term growth. The Company takes a pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Pertinent information and news are regularly conveyed to the stakeholders through SGXNet and social media page such as Facebook.

Additionally, the Company maintains a corporate website at https://aspen.com.my to communicate and engage with stakeholders through the contact information of the Company which can be found on the website.

SUSTAINABILITY REPORTING

The Sustainability Report will outline the Company's efforts, pursuits and initiatives towards achieving the Group's sustainability goals through operational and business practices. It covers the material Environment, Social and Governance ("**ESG**") factors relevant to the Group. Our framework of sustainability reporting is in line with the Catalist Rules and is guided by the Global Reporting Initiative (GRI) Standards – Core option, the international standard for sustainability reporting ("**GRI Standards**").

By applying the relevant GRI Standards, we identify and prioritise sustainability topics for reporting. The materiality assessment is conducted through a series of engagement sessions with internal stakeholders and studying existing feedback of external stakeholders. The material topics determined last year were deemed to be relevant and current by the Board and our corporate sustainability committee.

The Company is in the midst of finalising its Sustainability Report for FY2019. It will be made available to the shareholders on the SGXNet and the Company's website by 31 May 2020.

DEALINGS IN SECURITIES

The Group has implemented appropriate internal guidelines on dealings in the Company's securities in compliance with the best practices as set out in Rule 1204(19) of the Catalist Rules. All Directors and staff of the Group are not allowed to trade in the Company's securities during the periods commencing one month before the announcement of the Company's half-yearly and full year financial results respectively commencing from FY2020. To facilitate compliance, reminders are issued to all directors and staff prior to the applicable trading black-outs. Our directors and staff, who are expected to observe insider trading laws at all times, are also discouraged from dealing in the Company's securities on short-term considerations.

NON-SPONSOR FEES

During FY2019, non-sponsor fees paid and/or payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. was S$5,000 (approximately RM15,307.00).

INTERESTED PERSON TRANSACTIONS

The Group has procedures governing all Interested Persons Transactions ("IPT") to ensure that they are properly documented and reported in a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Details of IPT for the financial year ended 31 December 2019 are set out below:

Name of interested person	Nature of relationship	Aggregate value of all IPT during the financial year ended 31 December 2019 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Mr. Ching Chiat Kwong	See Note	RM20,000,000 (approximately S$6,530,140.51)	Not applicable. The Company did not obtain any general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules

Note:
As announced on 22 June 2019, Aspen Vision Properties Sdn. Bhd. ("AV Properties") being the Company's indirect wholly owned subsidiary, together with Oxley Holdings (Malaysia) Sdn. Bhd. ("Oxley Holdings Malaysia") and 2 other independent third parties had on 21 June 2019, made a joint investment into Aspen Vision Homes Sdn. Bhd. ("AV Homes"), an indirect wholly owned subsidiary of the Company, by way of subscription of AV Homes' ordinary shares and redeemable convertible preference shares ("RCPS").

The issuance of ordinary shares and RCPS by AV Homes to Oxley Holdings Malaysia constitutes an interested person transaction under Chapter 9 of the SGX-ST Catalist Rules, as illustrated below:
(a) As subsidiaries of the Company which is an issuer listed on the Catalist, AV Properties and AV Homes are considered to be the "entity at risk"; and
(b) Oxley Holdings Malaysia is an indirect wholly owned subsidiary of Oxley Holdings Limited. Mr. Ching Chiat Kwong, the Non-Independent Non-Executive Director of the Company is interested in 42% of the total number of ordinary voting shares of Oxley Holdings Limited, thereby making Oxley Holdings Malaysia an associate of Mr. Ching Chiat Kwong, who is an interested person.

The AC will continue to review and monitor any IPTs that may arise and ensure that the Company seeks appropriate approvals, makes appropriate announcements or disclosures on these IPT in accordance with Chapter 9 of the SGX-ST Listing Manual.

The Company did not obtain any general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

USE OF PROCEEDS

Net Placement Proceeds

The Company refers to the net proceeds amounting to S$23.25 million (excluding placement expenses of approximately S$0.04 million) raised from the private placement which was completed on 21 May 2018.

As at 4 May 2020, the status on the use of the proceeds from the private placement is as follows:

Use of Net Proceeds from Private Placement	Amount allocated (S$'000)	Amount utilised (S$'000)	Balance (S$'000)
Acquisition of land banks and future developments	16,271	(16,271)	–
Working capital requirements (consists of payment for renovation of the Experience Centre, payroll payment, repayment of interest from borrowings and hire purchase instalments, tax payment and general operational and administrative expenses)	6,974	(6,974)	–
Total:	**23,245**	**(23,245)**	–

The above utilisations are in accordance with the intended use of the private placement net proceeds and percentage allocated, as stated in the announcement dated 30 April 2018.

Convertible Loan

The Company refers to the disbursement amounting to USD$10.89 million (excluding arranger fee of USD$0.11 million) from the acceptance of Convertible Loan from Haitong International Financial Products (Singapore) Pte. Ltd. as announced on 20 May 2018 and 19 October 2018.

As at 4 May 2020, the status on the use of disbursements from the Convertible Loan is as follows:

Use of Net Disbursement from Convertible Loan	Amount allocated (S$'000)	Amount utilised (S$'000)	Balance (S$'000)
Investment in Global Vision Logistics Sdn. Bhd.	5,445	(511)	4,934
Construction of Central Island Park	3,267	(3,267)	–
Investment in Bandar Cassia Properties (SC) Sdn. Bhd.	2,178	(2,178)	–
Total	**10,890**	**(5,956)**	**4,934**

The above utilisations are in accordance with the intended use of the Convertible Loan net proceeds and percentage allocated, as stated in the announcement dated 20 May 2018.

The Board will continue to update in periodic announcements on the utilisation of the proceeds from the Convertible Loan as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its half year and full year financial results announcements.

MATERIAL CONTRACTS

Save for those disclosed under the section "Interested Person Transactions" and the service agreement between the Executive Directors and the Company, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its CEO, Directors or controlling shareholders which are either still subsisting at the end of FY2019 or if not then subsisting, entered into by the Company during the period under review.

Financial Reports

Directors' statement
We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the year ended 31 December 2019.

In our opinion:

a. the financial statements set out on pages 86 to 144 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors
The directors in office at the date of this statement are as follows:

Dato' Murly Manokharan
Dato' Seri Nazir Ariff Bin Mushir Ariff
Mr. Cheah Teik Seng
Dato' Alan Teo Kwong Chia
Dr. Lim Su Kiat
Ir. Anilarasu Amaranazan (Appointed on 1 February 2019)
Mr. Ching Chiat Kwong
Mr. Low See Ching (Liu Shijin) (Alternate Director to Mr. Ching Chiat Kwong)
Dato' Choong Khuat Seng

Directors' interests
According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year	Holdings at 21 January 2020
Dato' Murly Manokharan			
Aspen Vision Group Sdn. Bhd.			
• ordinary shares – interest held	19,427	19,427	19,427
• redeemable preference shares – interest held	224,947	224,947	224,947
Aspen (Group) Holdings Limited			
• ordinary shares – deemed interest	492,300,000	492,300,000	505,877,952

Name of director and corporation in which interests are held	Holdings at beginning of the year/date of appointment	Holdings at end of the year	Holdings at 21 January 2020
Dato' Seri Nazir Ariff Bin Mushir Ariff			
Aspen Vision Group Sdn. Bhd.			
• ordinary shares			
– interest held	5,473	5,473	5,473
• redeemable preference shares			
– interest held	65,670	65,670	65,670
Mr. Cheah Teik Seng			
Aspen (Group) Holdings Limited			
• ordinary shares			
– interest held	4,360,000	4,360,000	4,480,252
Dato' Alan Teo Kwong Chia			
Aspen (Group) Holdings Limited			
• ordinary shares			
– interest held	200,000	200,000	205,516
Dr. Lim Su Kiat			
Aspen Vision Group Sdn. Bhd.			
• ordinary shares			
– interest held	2,100	2,100	2,100
• redeemable preference shares			
– interest held	51,273	51,273	51,273
Aspen (Group) Holdings Limited			
• ordinary shares			
– interest held	20,000	20,000	20,552
Mr. Ching Chiat Kwong			
Aspen (Group) Holdings Limited			
• ordinary shares			
– deemed interest	98,620,600	98,620,600	101,340,620
Mr. Low See Ching (Liu Shijin)			
Aspen (Group) Holdings Limited			
• ordinary shares			
– deemed interest	98,620,600	98,620,600	101,340,620
Ir. Anilarasu Amaranazan			
Aspen (Group) Holdings Limited			
• ordinary shares			
– deemed interest	242,000	242,000	242,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the date of appointment, if later, or at the end of the financial year.

Except as disclosed under the 'Share options' section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share Options and Share Plans
The AV Employee Share Option Scheme (the "Scheme") and AV Performance Share Plan ("PSP") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 19 June 2017. The Scheme is administered by the Company's Nominating committee and the Remuneration Committee, comprising 5 directors as follows:

Nominating Committee	1. Dato' Alan Teo Kwong Chia (Chairman) 2. Dato' Murly Manokharan 3. Mr. Cheah Teik Seng 4. Dato' Choong Khuat Seng
Remuneration Committee	1. Mr. Cheah Teik Seng (Chairman) 2. Dato' Alan Teo Kwong Chia 3. Dr. Lim Su Kiat

At the end of the financial year, no options have been granted. On 4 October 2019, the Company granted 84,800 ordinary shares under PSP to its employees.

Audit Committee
The members of the Audit Committee ("AC") during the year and at the date of this statement are:

Mr. Cheah Teik Seng	(Chairman and Independent Non-Executive Director)
Dato' Alan Teo Kwong Chia	(Independent Non-Executive Director)
Dr. Lim Su Kiat	(Non-Independent Non-Executive Director)

The AC performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;

- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors
The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Dato' Seri Nazir Ariff Bin Mushir Ariff
Director

Dato' Murly Manokharan
Director

30 April 2020

Independent auditors' report

Members of the Company
Aspen (Group) Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aspen (Group) Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 86 to 144.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition for sale of development properties

(Refer to notes 3.15 and 25 to the financial statements)

Risk:

The Group enters into contracts with customers to deliver specified building units to the customers based on the plans and specifications as set out in the contracts. In accordance with SFRS(I) 15 *Revenue from Contracts with Customers,* the analysis of whether the contracts comprise one or more performance obligations, determining whether the performance obligations are satisfied over time and the methods used to measure progress for revenue recognition where performance obligations are satisfied over time represent areas requiring critical judgement and estimates by the Group.

There is a broad range of possible outcomes resulting from these judgements that could lead to different revenue and profit being reported in the financial statements.

Our response:

We evaluated the Group's processes over revenue recognition for sale of development properties and assessed the basis for the identification of performance obligations. We also read the sales and purchase agreements of development properties and discussed each of the developments with management to obtain an understanding of the specific terms to identify performance obligations. Also, we assessed whether the criteria are met for recognising revenue over time and the point of revenue recognition.

We assessed the appropriateness of methods and amounts used to measure the progress of the construction of specified building units by reference to construction costs incurred to date compared to the estimated total construction costs where the performance obligation is satisfied over time.

We assessed the adequacy of the estimated total construction costs by comparing them with the actual costs incurred to-date and discussed with management on the progress of the developments, taking into consideration of any significant deviation in design plans or potential delay, which may require revision in the estimated total construction costs.

Valuation of development properties
(Refer to notes 3.6 and 9 to the financial statements)

Risk:
The Group has significant development properties held for sale in Penang, Malaysia. Development properties for sale are stated at the lower of their cost and net realisable values. The determination of the estimated net realisable value of these development properties is critically dependent upon the Group's expectations of future selling prices of unsold properties. There is, therefore a risk that the estimated net realisable value exceeds the future actual selling prices, resulting in unforeseen losses when the properties are sold.

Our response:
We assessed the reasonableness of the Group's estimated selling prices of development properties for on-going projects by comparing them with recent transacted selling prices of the development properties.

Other information
Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
In our opinion, the accounting and other records required by the Act to be kept by the Company and by this subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Karen Lee Shu Pei.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 April 2020

Statements of financial position
As at 31 December 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	159,375	86,809	–	–
Land rights	5	–	22,875	–	–
Intangible assets	6	1,502	–	–	–
Subsidiaries	7	–	–	215,585	213,141
Associates	8	86,727	69,969	–	–
Development properties	9	352,054	–	–	–
Deferred tax assets	21	7,504	8,546	–	–
Total non-current assets		607,162	188,199	215,585	213,141
Current assets					
Development properties	9	484,586	346,009	–	–
Contract costs	10	13,852	2,986	–	–
Contract assets	11	36,461	33,350	–	–
Current tax assets		9,427	13,067	–	–
Inventories	12	17,603	17,603	–	–
Trade and other receivables	13	109,403	177,381	76,908	9,198
Cash and cash equivalents	14	67,663	163,035	6,018	50,278
Total current assets		738,995	753,431	82,926	59,476
Total assets		1,346,157	941,630	298,511	272,617
LIABILITIES					
Current liabilities					
Lease liabilities (2018: finance lease liabilities)	15	2,235	949	–	–
Loans and borrowings	16	121,973	41,679	45,018	–
Trade and other payables	17	315,098	311,561	14,867	983
Contract liabilities	11	10,113	45,782	–	–
Current tax liabilities		455	245	–	–
Total current liabilities		449,874	400,216	59,885	983
Non-current liabilities					
Lease liabilities (2018: finance lease liabilities)	15	12,553	2,839	–	–
Loans and borrowings	16	310,589	113,311	–	45,738
Trade and other payables	17	108,383	–	–	–
Deferred tax liabilities	21	9,733	10,506	–	–
Total non-current liabilities		441,258	126,656	–	45,738
Total liabilities		891,132	526,872	59,885	46,721
EQUITY					
Share capital	22	237,241	237,241	237,241	237,241
Reserves	23	162,073	153,825	1,385	(11,345)
Equity attributable to owners of the Company		399,314	391,066	238,626	225,896
Non-controlling interests	24	55,711	23,692	–	–
Total equity		455,025	414,758	238,626	225,896
Total equity and liabilities		1,346,157	941,630	298,511	272,617

The accompanying notes form an integral part of these financial statements.

Consolidated statement of profit or loss and other comprehensive income
Year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000
Revenue	25	287,936	569,973
Cost of sales	26	(189,799)	(447,537)
Gross profit		98,137	122,436
Other income		1,798	8,439
Administrative expenses		(39,953)	(38,999)
Selling and distribution expenses		(12,779)	(11,449)
Other operating expenses		(4,023)	(56)
Results from operating activities		43,180	80,371
Finance income		3,052	2,550
Finance costs		(6,878)	(7,806)
Net finance costs	27	(3,826)	(5,256)
Share of results of equity-accounted investees, net of tax		(582)	221
Profit before tax	28	38,772	75,336
Tax expense	29	(17,006)	(26,432)
Profit for the year		21,766	48,904
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		(11)	–
Other comprehensive income, net of tax		(11)	–
Total comprehensive income for the year		21,755	48,904
Profit for the year attributable to:			
Owners of the Company		16,747	40,921
Non-controlling interests		5,019	7,983
		21,766	48,904
Total comprehensive income for the year attributable to:			
Owners of the Company		16,736	40,921
Non-controlling interests		5,019	7,983
		21,755	48,904
Earnings per share			
Basic earnings per share (sen)	30	1.74	4.42
Diluted earnings per share (sen)	30	1.74	4.42

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
Year ended 31 December 2019

		Attributable to owners of the Company							
	Note	Share capital RM'000	Translation reserve RM'000	Reserve for own shares RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 January 2019		237,241	–	–	37,442	116,383	391,066	23,692	414,758
Total comprehensive income for the year									
Profit for the year		–	–	–	–	16,747	16,747	5,019	21,766
Other comprehensive income,net of tax		–	(11)	–	–	–	(11)	–	(11)
Total comprehensive income for the year		–	(11)	–	–	16,747	16,736	5,019	21,755
Transaction with owners, recognised directly in equity									
Own shares acquired	23	–	–	(60)	–	–	(60)	–	(60)
Share-based payment transactions	19	–	–	39	–	–	39	–	39
Dividends declared	22	–	–	–	–	(8,467)	(8,467)	–	(8,467)
Subscription of a subsidiary's ordinary shares by non-controlling interests		–	–	–	–	–	–	27,000	27,000
Total transactions with owners		–	–	(21)	–	(8,467)	(8,488)	27,000	18,512
At 31 December 2019		237,241	(11)	(21)	37,442	124,663	399,314	55,711	455,025

Consolidated statement of changes in equity (continued)
Year ended 31 December 2019

	Note	Share capital RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company					
Group							
At 1 January 2018, as previously stated		168,346	37,442	80,494	286,282	16,266	302,548
Impact on change in accounting policy	2.5	–	–	(5,032)	(5,032)	(557)	(5,589)
At 1 January 2018, as restated		168,346	37,442	75,462	281,250	15,709	296,959
Total comprehensive income for the year							
Profit for the year		–	–	40,921	40,921	7,983	48,904
Other comprehensive income, net of tax		–	–	–	–	–	–
Total comprehensive income for the year, as restated		–	–	40,921	40,921	7,983	48,904
Transaction with owners, recognised directly in equity							
Issuance of shares through private placement	22	68,895	–	–	68,895	–	68,895
Total transactions with owners		68,895	–	–	68,895	–	68,895
At 31 December 2018 (restated)		237,241	37,442	116,383	391,066	23,692	414,758

Consolidated statement of cash flows
Year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000
Cash flows from operating activities			
Profit before tax		38,772	75,336
Adjustments for:			
Amortisation of deferred income		–	(33,166)
Depreciation of property, plant and equipment	4	9,066	6,435
Amortisation of intangible assets	6	7	–
Finance costs	27	23,882	11,685
Finance income	27	(3,052)	(2,550)
Property, plant and equipment written off	4	653	54
Loss on equity-settled share-based payment transactions	28	7	–
Equity-settled share-based payment transactions	19	32	–
Impairment loss on an associate	8	2,500	–
Share of results of equity-accounted investees		582	(221)
Unrealised gain on foreign exchange		(720)	–
Unrealised loss from downstream income from associate		–	12
		71,729	57,585
Changes in:			
– development properties		(414,570)	(357)
– contract costs		(10,866)	1,025
– contract assets		(3,111)	(20,943)
– trade and other receivables		14,792	(93,682)
– trade and other payables		103,142	93,515
– contract liabilities		(35,669)	(13,371)
Cash generated (used in)/ from operations		(274,553)	23,772
Tax paid		(12,887)	(43,765)
Net cash used in operating activities		(287,440)	(19,993)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(70,551)	(36,609)
Acquisition of intangible assets		(1,509)	–
Capital injection from non-controlling interest		27,000	–
Interest received		3,052	2,550
Acquisition of associates		(19,840)	(21,060)
Proceeds from disposal of property, plant and equipment		–	12
Net cash used in investing activities		(61,848)	(55,107)

Consolidated statement of cash flows (continued)
Year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000
Cash flows from financing activities			
Proceeds from issuance of shares through private placement		–	68,895
Repurchase of own shares		(60)	–
Changes in fixed deposit pledged		1,680	(3,077)
Proceeds from loans and borrowings		295,454	67,262
Repayment of loans and borrowings		(42,346)	(26,119)
Payment of lease liabilities (2018: finance lease liabilities)		(1,535)	(794)
Issuance of redeemable preference shares to non-controlling interest by a subsidiary		25,184	–
Interest paid		(22,781)	(11,097)
Net cash generated from financing activities		255,596	95,070
Net (decrease)/increase in cash and cash equivalents		(93,692)	19,970
Cash and cash equivalents at 1 January		154,232	134,262
Cash and cash equivalents at 31 December	14	60,540	154,232

Significant non-cash transactions

Acquisition of property, plant and equipment

During the financial year ended 31 December 2019, the Group acquired property, plant and equipment with an aggregate cost of RM75,324,000 (2018: RM37,769,000), of which RM4,773,000 relates to right-of-use assets (2018: RM1,160,000 was acquired by means of finance lease arrangements).

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 April 2020.

1 Domicile and activities

Aspen (Group) Holdings Limited (the "Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is 80 Robinson Road #02-00 Singapore 068898.

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 July 2017.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in note 7 to the financial statements. The immediate and ultimate holding company is Aspen Vision Group Sdn. Bhd., a company incorporated in Malaysia.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases has been applied*. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the significant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Malaysian ringgit ("RM"), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 3.1(i) – Acquisition of equity interest: business combination and asset acquisition; and
Note 25 – Revenue recognition - identifying performance obligations and measuring progress

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are included in the following notes:
Note 8 – Recoverable amount of associates; and
Note 9 – Estimation of allowance for foreseeable losses for development properties.

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for all significant fair value measurement, including Level 3 fair values, where applicable and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuations or broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:
- Note 19 – share-based payment arrangements; and
- Note 33 – financial instruments.

2.5 Changes in significant accounting policies

New standards and amendments
The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:
- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- *Long-term Interests in Associates and Joint Venture*s (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlemen*t (Amendments to SFRS(I) 1-19)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*
The Group applied SFRS(I) 16 using the modified retrospective approach, where right-of-use asset equals to lease liability. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease
Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease.* The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee
As a lessee, the Group leases properties and motor vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17
Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability: the Group applied this approach to all its leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets; (e.g. office equipment); and
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Leases classified as finance leases under SFRS(I) 1-17
The Group leases a number of items of property, plant and equipment. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

Impact on financial statements
Impact on transition*
On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 RM'000
Right-of-use assets – property, plant and equipment	7,762
Lease liabilities	(7,762)

* For the impact of SFRS(I) 16 on profit or loss for the period, see note 31. For the impact of SFRS(I) 16 on segment information, see note 37. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 3.9.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using applicable incremental borrowing rate at 1 January 2019. The weighted-average rates applied are 2.32% – 6.03%.

	1 January 2019 RM'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	14,508
- Recognition exemption for leases with less than 12 months of lease term at transition	(154)
	14,354

	1 January 2019 RM'000
Discounted using the incremental borrowing rate at 1 January 2019	7,285
Finance lease liabilities recognised as at 31 December 2018	3,788
- Extension options reasonably certain to be exercised	477
Lease liabilities recognised at 1 January 2019	11,550

For the year ended 31 December 2018, arising from the Agenda Decision issued by the IFRS Interpretation Committee (IFRIC) relating to the capitalisation of borrowing costs for the construction of a residential multi-unit estate development where revenue is recognised over time, the Group has ceased capitalisation of borrowing costs on development properties. The financial effect of the retrospective adjustments are set out as below:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
1 January 2018			
Group			
Consolidated statement of financial position			
Deferred tax assets	10,550	884	11,434
Development properties and contract costs	282,726	(7,353)	275,373
Deferred tax liabilities	(14,256)	880	(13,376)
Reserves	(117,936)	5,032	(112,904)
Non-controlling interests	(16,266)	557	(15,709)
Consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2017			
Costs of sales	272,364	3,889	276,253
Finance costs	1,820	984	2,804
Tax expense	33,727	(1,169)	32,558
Profit and total comprehensive income for the year	(98,296)	3,704	(94,592)
Profit and total comprehensive income attributable to equity holders of the Company	(85,408)	3,268	(82,140)
Profit and total comprehensive income attributable to non-controlling interests	(12,888)	436	(12,452)
Consolidated statement of changes in equity			
Retained earnings	(80,494)	5,032	(75,462)
Non-controlling interests	(16,266)	557	(15,709)

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

The financial statements of the Group have been prepared to reflect the operations of the Company and the subsidiaries as a single economic enterprise and consist of those companies under common control since the date of incorporation.

(iii) Acquisitions from entities under common control
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associates (equity-accounted investees)
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries and associates in the separate financial statements
Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that their fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operation
The assets and liabilities of foreign operations are translated to Malaysian ringgit at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Malaysian ringgit at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ('OCI').

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such as monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost material and direct labour:
- any other costs directly attributable to bring the assets to a working condition for their intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight–line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Construction-in-progress is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land	over the lease term of 7 years
Buildings	5 to 50 years
Building improvement	10 to 15 years
Sales gallery	4 years
Office and computer equipment, furniture and fittings	3 to 10 years
Motor vehicles	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Reclassification to development properties

When the use of a property changes from owner-occupation to development with a view to sell, the property is transferred from property, plant and equipment to development properties (note 3.6).

3.4 Land rights

The land rights that are acquired by the Group and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the asset, less its residual value. The land rights are amortised when the Group exercises their right to acquire the land parcels.

Amortisation of land rights is included in the carrying amount of development properties and recognised in 'cost of sales' on the same measure as contracts costs (note 3.7).

3.5 Intangible assets

(i) Franchise license
Franchise license that is acquired by the Group and has finite useful life is measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation
Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current year are as follows:

Franchise license	10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The write-downs to net realisable value are presented as allowance for foreseeable losses.

3.7 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised as contract costs only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue on the contract. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

3.8 Contract assets and liabilities

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction of development properties. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities primarily relate to:
- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

3.9 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non- lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the lessees' incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statements of financial position.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low- value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases - Policy applicable before 1 January 2019
For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:
- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee
In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3.10 Inventories

Inventories represent tradable quotas approved by the local council in Penang, Malaysia, arising from the Group's development of low-medium cost and affordable houses. The cost of the quotas on initial recognition is determined at fair value based on directors' estimation using the latest available market information. Subsequently, the quotas are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses.

3.11 Financial instruments

(i) Recognition and initial measurement
Non-derivative financial assets and financial liabilities
Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement
Non-derivative financial assets
On initial recognition, a financial asset is classified as measured at amortised cost.
Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses
Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost. These financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition
Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise highly liquid short term investment fund, cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the consolidated statement of cash flows, pledged deposits are excluded in cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Income tax relating to transactions cost of an equity transactions is accounted for in accordance with SFRS(I) 1-12.

Preference share capital

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(vii) Intra-group financial guarantees in separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

3.12 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- Financial assets measured at amortised costs;
- Contract assets (as defined in SFRS(I) 15); and
- Intra-group financial guarantee contracts (FGC).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach
The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers a FGC to be in default when the debtor of the loan is unlikely to pay its contractual obligations to the creditor and the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group only applies a discount rate if and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of ECLs in the statements of financial position
Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets
The carrying amount of the Group's non-financial assets, other than inventories, development properties, contract assets, and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating units ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Associate
An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

3.13 Employee benefits

(i) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transactions
The grant date fair value of equity-settled share-based payment awards granted to employee is recognised as an employee benefit expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that

meet the service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share- based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised as employee benefit expense in profit or loss.

3.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Contingent liabilities
Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be established reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.15 Revenue recognition

(i) Sale of development properties
Revenue is recognised when control over the property has been transferred to the customer. In respect of a development property where the Group has an enforceable right to payment for performance completed to date, revenue is recognised based on the percentage of completion. The percentage of completion is measured by reference to the work performed, based on the stage of completion certified by quantity surveyor/architect's certification of construction costs incurred to-date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

In respect of a development property where the Group has no enforceable right to payment until the property is delivered to the customer, revenue is recognised at a point in time when the legal title is transferred to the customer.

Revenue is measured at the transaction price agreed under the contract. Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones.

Where the period between the satisfaction of a performance obligation and payment by the customer exceeds a year, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at contract inception.

The Group grants customers the right to return for certain sales contract during a grace period. The Group recognises revenue to the extent it is highly probable that there will be no returns from customers. Refund liabilities is classified in trade and other payables and asset for recovery is classified in development properties.

(ii) Sale of food and beverages
Revenue from sale of food and beverage in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling price of the promised goods or services. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services.

Revenue is recognised at a point in time following the timing of satisfaction of the PO.

3.16 Management fees

The revenue from management services is recognised as the service is performed over time.

3.17 Government grants – quotas on low-medium cost and affordable housing

The government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as reduction to ‘cost of sales’ based on cost incurred in fulfilling the condition of the grants on a systematic basis in the same periods in which the expenses are recognised.

3.18 Finance income and finance costs

The Group’s finance income and finance costs include:
- interest income;
- interest expense;
- dividend income;
- dividend expense on preference shares issued classified as financial liabilities; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Company’s right to receive payment is established.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.19 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, and the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.20 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets.

3.22 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

4 Property, plant and equipment

	Leasehold land RM'000	Buildings RM'000	Building improvement RM'000	Sales gallery RM'000	Office and computer equipment, furniture and fittings RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Group								
Cost								
At 1 January 2018	–	13,386	11,757	6,286	9,754	5,824	17,815	64,822
Additions	–	2,380	864	628	1,530	1,353	31,014	37,769
Write-off	–	–	–	–	(68)	–	–	(68)
Disposals	–	–	–	–	(21)	–	–	(21)
Reclassification	–	6,812	1,252	–	1,015	–	(9,079)	–
Transfer to development properties	–	–	–	–	(2)	–	–	(2)
At 31 December 2018	–	22,578	13,873	6,914	12,208	7,177	39,750	102,500
At 1 January 2019	–	22,578	13,873	6,914	12,208	7,177	39,750	102,500
Recognition of right-of-use asset on initial application of SFRS(I) 16	732	7,019	–	–	–	1,783	–	9,534
Adjusted balance at 1 January 2019	732	29,597	13,873	6,914	12,208	8,960	39,750	112,034
Additions	–	14,815	922	–	2,072	70	57,445	75,324
Write-off	–	–	–	–	(28)	–	(646)	(674)
Disposals	–	–	–	–	(13)	–	–	(13)
Adjustment	–	(801)	–	–	–	–	–	(801)
Reclassification	–	69,427	72	–	12,245	–	(81,744)	–
At 31 December 2019	732	113,038	14,867	6,914	26,484	9,030	14,805	185,870

	Leasehold land RM'000	Buildings RM'000	Building improvement RM'000	Sales gallery RM'000	Office and computer equipment, furniture and fittings RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Group								
Accumulated depreciation								
At 1 January 2018	–	89	1,243	2,329	3,523	2,097	–	9,281
Depreciation charge for the year	–	547	1,051	1,618	2,042	1,177	–	6,435
Write-off	–	–	–	–	(14)	–	–	(14)
Disposals	–	–	–	–	(9)	–	–	(9)
Transfer to development properties	–	–	–	–	(2)	–	–	(2)
At 31 December 2018	–	636	2,294	3,947	5,540	3,274	–	15,691
At 1 January 2019	–	636	2,294	3,947	5,540	3,274	–	15,691
Recognition of right-of-use asset on initial application of SFRS(I) 16	169	1,120	–	–	–	483	–	1,772
Adjusted balance at 1 January 2019	169	1,756	2,294	3,947	5,540	3,757	–	17,463
Depreciation charge for the year	81	1,702	1,415	1,691	2,476	1,701	–	9,066
Write-off	–	–	–	–	(21)	–	–	(21)
Disposals	–	–	–	–	(13)	–	–	(13)
At 31 December 2019	250	3,458	3,709	5,638	7,982	5,458	–	26,495
Carrying amounts								
At 1 January 2018	–	13,297	10,514	3,957	6,231	3,727	17,815	55,541
At 31 December 2018	–	21,942	11,579	2,967	6,668	3,903	39,750	86,809
At 31 December 2019	482	109,580	11,158	1,276	18,502	3,572	14,805	159,375

Property, plant and equipment includes right-of-use assets of RM11,635,000 related to leasehold land, buildings and motor vehicles.

Leased motor vehicles (classified as finance lease under SFRS(I) 1-17)
The Group leases motor vehicles under a number of finance leases. At 31 December 2018, the net carrying amount of leased motor vehicle was RM3,817,000.

During 2018, the Group acquired motor vehicles with a carrying amount of RM1,224,000 under finance lease (see note 15).

Security
At 31 December 2019, construction-in-progress, buildings, sales gallery of the Group with carrying amounts of RM13,511,000, RM82,684,000, RM1,276,000 (2018: RM39,043,000, RM13,360,000, RM2,967,000) respectively, are pledged as security to secure bank loans (note 16).

5 Land rights

	Group	
	2019 RM'000	**2018 RM'000**
At 1 January	22,875	30,468
Amortisation charge for the year	(22,875)	(7,593)
At 31 December	–	22,875

In 2015, the Group acquired the land rights as part of the acquisition of 49% remaining interest in Aspen Vision Land Sdn. Bhd. ("AV Land") from a joint venture partner. AV Land, through its subsidiary and associate holds the right to acquire 221 acres of freehold land situated in Bandar Cassia, Batu Kawan, Penang, Malaysia (the "Batu Kawan Land") from the State Government of Penang for a pre-determined consideration over a 5-year period.

Amortisation
The amortisation of land rights is allocated to the development properties as part of the land cost and is included in 'cost of sales' as development property is sold. During the year, the land rights have been fully acquired and reclassified to land held for future development.

6 Intangible assets

	Group Franchise license RM'000
Cost	
At 1 January 2019	–
Additions	1,509
At 31 December 2019	1,509
Accumulated Amortisation	
At 1 January 2019	–
Amortisation charge for the year	7
At 31 December 2019	7
Carrying amounts	
At 1 January 2019	–
At 31 December 2019	1,502

Amortisation
The amortisation of franchise license is included in 'cost of sales'.

7 Subsidiaries

	Company	
	2019 RM'000	2018 RM'000
Equity investments at cost	153,485	151,041
Redeemable preference shares	62,100	62,100
	215,585	213,141

During 2018, the Company subscribed 621,000 redeemable preference shares ("RPS") issued by Aspen Vision All Sdn. Bhd. at RM100 per share. The RPS shall be redeemed out of profit which would otherwise be available for dividend at the issue price of RM100. The RPS to be redeemed on such occasion shall be determined by the Board of Directors. The Company is entitled to a non-cumulative preferential dividend at a rate to be determined by Aspen Vision All Sdn. Bhd. on the paid-up capital and in priority to the holders of the ordinary shares.

The Company has investments in the following subsidiaries as at the year-end:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Ownership interest	
			2019 %	2018 %
Aspen Vision All Sdn. Bhd. ("AV All") *	Malaysia	Investment holding	100	100
Kanada-Ya SG Pte. Ltd. ("Kanada-Ya SG")	Singapore	Restaurants	100	–
Subsidiaries of AV All				
Aspen Vision Construction Sdn. Bhd. ("AV Construction") *	Malaysia	General construction	100	100
AG Innovation Sdn. Bhd. ("AG Innovation") *	Malaysia	IT services	100	100
Aspen Vision Properties Sdn. Bhd. ("AV Properties") *	Malaysia	Investment holding	100	100
Aspen Vision Credit Sdn. Bhd. ("AV Credit") *	Malaysia	Investment holding	100	100
Subsidiaries of AV Properties				
Aspen Vision Development Sdn. Bhd. ("AV Development") *	Malaysia	Provision of management services	100	100
Aspen Vision Development (Central) Sdn. Bhd. ("AVD Central") *	Malaysia	Investment holding	100	100
Aspen Vision Synergy Sdn. Bhd. ("AV Synergy") *	Malaysia	Property development	100	100
Aspen Vision Realty Sdn. Bhd. ("AV Realty") *	Malaysia	Dormant	100	100
Aspen Vision Homes Sdn. Bhd. ("AV Homes") *	Malaysia	Investment holding	51	100
Subsidiaries of AV Development				
Aspen Vision Land Sdn. Bhd. ("AV Land") *	Malaysia	Investment holding	100	100
Aspen Vision Builders Sdn. Bhd. ("AV Builders") *	Malaysia	Property development	100	100
Aspen Vision Ventures Sdn. Bhd. ("AV Ventures") *	Malaysia	Property development	100	100
Aspen Vision Tanjung Sdn. Bhd. ("AV Tanjung") *	Malaysia	Property development	100	100
Viana Mentari Sdn. Bhd. ("VMSB") *	Malaysia	Investment Holding	100	–

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Ownership interest	
			2019 %	2018 %
Subsidiary of AV Homes				
Aspen Park Hills Sdn. Bhd. (“APH”) *	Malaysia	Property development	38	–
Subsidiary of AV Land				
Aspen Vision City Sdn. Bhd. (“AV City”) *	Malaysia	Property development	80	80

* Audited by KPMG PLT, Penang

Other member firms of KPMG International is auditor of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited’s Listing Manual if its net tangible assets represent 20% or more of the Group’s consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group’s consolidated pre-tax profits.

8 Associates

	Group	
	2019 RM’000	2018 RM’000
Interest in associates	15,552	16,134
Redeemable preference shares	53,835	53,835
Advances	17,340	–
	86,727	69,969

Redeemable preference shares (“RPS”) in associates are issued by Bandar Cassia Properties (SC) Sdn. Bhd. (“Bandar Cassia”) at RM31,350,000 (2017: RM26,850,000) redeemable for a period of 5 years and bears dividend of 5.5% and by Global Vision Logistics Sdn. Bhd. (“GVL”) at RM22,485,000 (2017: RM5,925,000) redeemable for a period of 10 years and bears dividend of 3.5%.

Advances made to associates to subscribe for the redeemable preferences shares to be issued by Bandar Cassia and GVL of RM15,240,000 and RM2,100,000 respectively.

During the year, the Group also subscribed for the redeemable preference shares issued by Delivereat Sdn. Bhd. (“Delivereat”) at RM2,500,000 (2018: nil) redeemable for a period of 5 years and bears dividend of 5%.

Impairment loss
As at 31 December 2019, the Group has recognised an impairment loss of RM2,500,000 on Delivereat as the recoverable amount is lower than its carrying amount. The recoverable amount was estimated using the fair value less costs to sell approach, which approximates the share of net asset position of the associate.

Associates
The Group has 2 (2018: 2) material associates and 1 associate which is individually immaterial as at 31 December 2019, which are equity accounted for. Details of the material associates are as follows:

	Principal place of business/ Country of incorporation	Principal activities	Ownership interest/Voting rights held	
			2019 %	**2018** %
Bandar Cassia*	Malaysia	Investment holding	30	30
GVL#	Malaysia	Warehouse and logistics solution provider	30	30

* Audited by Deloitte PLT, Malaysia.
\# Audited by PCCO PLT, Malaysia.

An associated company is considered significant as defined under the Singapore Exchange Limited's Listing Manual if the Group's share of its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The following summarises the financial information of each of the Group's material associates based on the respective unaudited financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies:

	Bandar Cassia RM'000	GVL RM'000	Total RM'000
31 December 2019			
Revenue	–	–	–
Loss after tax	(447)	(1,493)	(1,940)
OCI	–	–	–
Total comprehensive income	(447)	(1,493)	(1,940)
Non-current assets	101,014	210,448	311,462
Current assets	110,611	6,482	117,093
Non-current liabilities	(178,460)	(219,150)	(397,610)
Current liabilities	(16,695)	(234)	(16,929)
Net assets	16,470	(2,454)	14,016
Attributable to the Group	4,941	(736)	4,205
Elimination of unrealised profit	(71)	–	(71)
Other adjustments	11,418*	–	11,418*
Carrying amount of interest in associate at the end of the year	16,288	(736)	15,552
Group's interest in net assets of investee at beginning of the year	16,422	(288)	16,134
Group's share of:			
- Loss after tax	(134)	(448)	(582)
- OCI	–	–	–
- Total comprehensive income	(134)	(448)	(582)
Carrying amount of interest in investee at end of the year	16,288	(736)	15,552

	Bandar Cassia RM'000	GVL RM'000	Total RM'000
31 December 2018			
Revenue	235	438	673
Profit/(Loss) after tax	1,944	(1,208)	736
OCI	–	–	–
Total comprehensive income	1,944	(1,208)	736
Non-current assets	82,328	199,551	281,879
Current assets	52,031	3,818	55,849
Non-current liabilities	(112,809)	(207,375)	(320,184)
Current liabilities	(4,632)	(101)	(4,733)
Net assets	16,918	(4,107)	12,811
Attributable to the Group	5,075	(288)	4,787
Elimination of unrealised profit	(71)	–	(71)
Other adjustments	11,418*	–	11,418*
Carrying amount of interest in associate at the end of the year	16,422	(288)	16,134
Group's interest in net assets of investee at beginning of the year	15,850	75	15,925
Group's share of:			
- Profit/(Loss) after tax	584	(363)	221
- OCI	–	–	–
- Unrealised profit from associate	(12)	–	(12)
- Total comprehensive income	572	(363)	209
Carrying amount of interest in investee at end of the year	16,422	(288)	16,134

* Other adjustments represent the fair value of land rights acquired by AV Development through the acquisition of 49% remaining interest in AV Land from a joint venture partner (note 5).

9 Development properties

	Group	
	2019 RM'000	2018 RM'000
Current		
Properties under development, for which revenue is to be recognised over time		
Land and land related costs	252,627	166,357
Development costs	153,591	138,554
	406,218	304,911

	Group	
	2019 RM'000	2018 RM'000
Properties under development, for which revenue is to be recognised at a point in time		
Land and land related costs	4,404	4,951
Development costs	3,508	1,793
	7,912	6,744
Completed units	70,456	34,354
	484,586	346,009
Non-current		
Land held for property development		
Land and land related costs	312,482	–
Development costs	39,572	–
	352,054	–

(i) During the year, development properties for sale of RM189,120,000 (2018: RM398,603,000) were recognised as an expense and included in "cost of sales".

(ii) Asset for recovery
Included in properties under development are sold units of sales contracts with a right of return of RM5,114,000 (2018: RM6,214,000).

(iii) Land costs (sold units)
As at 31 December 2019, land related costs that are attributable to the sold units amounts to RM13,002,000 (2018: RM20,749,000). These costs are expected to be recoverable and are amortised in profit or loss when the related revenue are recognised. The land costs amortised in profit and loss for the financial year ended 31 December 2019 is RM7,160,000 (2018: RM36,773,000).

(iv) Interest expenses
Included in the development properties was interest expenses capitalised of RM13,333,000 (2018: RM1,388,000).

Security
At 31 December 2019, the land and land related cost of RM549,840,000 (2018: RM151,635,000) and completed units of RM18,181,000 (2018: nil) is pledged to secure banking facilities granted to the Group (note 16).

Estimation of allowance for foreseeable losses for development properties
The Group assesses at every reporting date whether any allowance for foreseeable losses is required. The allowance for foreseeable losses is estimated after taking into account estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred. As at the reporting date, no allowance for foreseeable losses is recognised.

10 Contract costs

Capitalised commission and legal fees
The amount relates to commission fees paid to property agents and legal fees for securing sale contracts. The Group has therefore capitalised the commission fees and amortised these commission fees when the related revenue is recognised. No impairment was recorded.

	Group	
	2019 RM'000	2018 RM'000
Capitalised commission and legal fees	13,852	2,986

11 Contract assets/(liabilities)

		Group	
	Note	2019 RM'000	2018 RM'000
Contract assets	(i)	36,461	33,350
Contract liabilities	(ii)	(10,113)	(45,782)
		26,348	(12,432)

(i) Contract assets

Contract assets relate primarily to the Group's right to consideration for work completed but not billed at the reporting date in respect of its property development business. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer upon the construction milestones achieved.

Contract assets increased in 2019 due to the timing differences between the agreed payment schedule and the progress of the construction work.

(ii) Contract liabilities

Contract liabilities relate primarily to:

- advance consideration received from customers; and
- progress billings issued in excess of the Group's rights to the consideration.

Contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer.

The significant changes in the contract assets and contract liabilities during the year are as follows:

	Group			
	Contract assets		Contract liabilities	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	33,350	12,407	(45,782)	(59,153)
Contract asset reclassified to trade receivables	(33,350)	(12,407)	–	–
Progress billings raised during the year	(156,286)	(31,298)	–	–
Revenue recognised during the year	192,747	64,648	–	–
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	–	–	45,782	59,153
Changes in measurement of progress	–	–	57,024	–
Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(67,137)	(45,782)
At 31 December	36,461	33,350	(10,113)	(45,782)

12 Inventories

	Group	
	2019 RM'000	2018 RM'000
At 1 January	17,603	99,703
Utilisation of housing quotas	–	(82,100)
At 31 December	17,603	17,603

Inventories represent the tradable low-medium cost and affordable housing quotas approved by the local council in Penang, Malaysia, arising from the Group's development of low-medium cost and affordable houses. During 2018, inventories of RM82,100,000 were recognised as an expense and included in 'cost of sales' upon completion of construction of the houses.

13 Trade and other receivables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade receivables	43,401	57,170	–	–
Non-trade amounts due from:				
– holding company	32	2	–	–
– associate	–	12,249	–	–
– subsidiaries	–	–	56,320	9,170
Dividends receivables	–	–	18,753	–
Other receivables	20,934	25,656	–	–
Deposits	34,499	79,383	–	24
	98,866	174,460	75,073	9,194
Prepayments	10,537	2,921	1,835	4
	109,403	177,381	76,908	9,198

The non-trade amounts due from holding company, associate and subsidiaries are unsecured, interest-free and repayable on demand. There is no allowance for impairment loss arising from these outstanding balances as the ECL is not material.

Included in non-trade amounts due from subsidiaries is an amount of RM42,857,000 which are unsecured, subject to interest of 6.5% per annum and repayable on demand. The amounts are classified as current as the Company expects to receive payment within the next 12 months. There is no allowance for impairment loss arising from these outstanding balances as the ECL is not material.

Included in deposits of the Group is an amount of RM29,536,000 (2018: RM74,500,000) as at 31 December 2019, representing deposits paid for the purchase of land by its subsidiaries.

The Group's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in note 33.

14 Cash and cash equivalents

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short term investment fund	22,042	53,275	62	45,165
Fixed deposits	7,123	8,803	–	–
Cash and bank balances	38,498	100,957	5,956	5,113
Cash and cash equivalents in the statements of financial position	67,663	163,035	6,018	50,278
Deposit pledged to financial institutions	(7,123)	(8,803)		
Cash and cash equivalents in the consolidated statement of cash flows	60,540	154,232		

Short-term investment fund represents investment in fixed income trust which can be redeemed within a period of less than 31 days.

Included in the cash and bank balances of the Group is an amount of RM9,679,000 (2018: RM28,482,000), where the utilisation is subject to the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002, Malaysia. These accounts, which consist of monies from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to respective subsidiaries upon the completion of property development projects and after all property development expenditure have been fully settled.

Fixed deposits of RM7,123,000 (2018: RM8,803,000) were pledged as securities for bank facilities granted to the Group (note 16).

The Group's exposure to credit and interest rate risks related to cash and cash equivalents is disclosed in note 33.

15 Lease liabilities (2018: finance lease liabilities)

	Group	
	2019 RM'000	2018 RM'000
Current		
Lease liabilities (2018: finance lease liabilities)	2,235	949
Non-current		
Lease liabilities (2018: finance lease liabilities)	12,553	2,839

The Group's exposure to credit and interest rate and liquidity risks related to lease liabilities is disclosed in note 33.

Finance lease liabilities

Finance lease liabilities are payable as follow:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2018			
Within one year	1,115	166	949
Between one and five years	2,633	272	2,361
More than five years	495	17	478
	4,243	455	3,788

16 Loans and borrowings

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current					
Term loans and bridging loans – secured		55,625	28,849	–	–
Revolving credit – secured		21,330	12,830	–	–
Convertible loans		45,018	–	45,018	–
		121,973	41,679	45,018	–

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Term loans and bridging loans – secured		276,005	58,173	–	–
Redeemable preference shares	18	34,584	9,400	–	–
Convertible loans		–	45,738	–	45,738
		310,589	113,311	–	45,738

The Group's exposure to credit and interest rate and liquidity risks related to loans and borrowings is disclosed in note 33.

Terms and debt repayment schedule

	Nominal interest rate %	Year of maturity	Currency	2019 Face value RM'000	2019 Carrying amount RM'000	2018 Face value RM'000	2018 Carrying amount RM'000
Group							
Lease liabilities (2018: Finance lease liabilities)	2.32 – 6.03	2020 – 2044	RM	22,224	14,788	4,243	3,788
Term loans and bridging loans – secured	4.90 – 8.00	2020 – 2038	RM	338,460	331,630	89,831	87,022
Revolving credit – secured	8.20	2020	RM	21,330	21,330	12,830	12,830
Redeemable preference shares	8.00	2020 – 2024	RM	37,224	34,584	10,904	9,400
Convertible loans	6.50	2020	USD	45,611	45,018	46,095	45,738
				464,849	447,350	163,903	158,778

Breach of loan covenant

The Group has secured term loans with a carrying amount of RM9,749,000 at 31 December 2019 (2018: nil). These loans are repayable in tranches within 1 to 5 years. However, the term loans contain a covenant stating that a written consent shall be obtained from banks prior to the subsidiary making any advances to its related companies. As at 31 December 2019, the covenant was breached. Accordingly, the bank loan is classified as current liabilities. Subsequent to the year end, the subsidiary has obtained written consent from bank.

Securities

The term loans and bridging loans are secured over the freehold land under development properties (note 9), fixed and floating charges over certain subsidiaries' present and future assets, fixed deposits placed by the subsidiaries (note 14), joint and several guarantee by certain directors of the subsidiaries and corporate guarantees by subsidiaries.

The revolving credit facility is secured over fixed and floating charges over a subsidiary's present and future assets, pledge of the Company's shares held by the holding company, deed of assignment of benefits of certain contract proceeds of its subsidiary, corporate guarantee by its subsidiary and personal guarantee by a director of AV All.

The convertible loans are secured over personal guarantee by a director and shares held by a director in Aspen Vision Group Sdn. Bhd.

Convertible loans

During the year, convertible loans bore interest rate at 6.50% per annum. The tenure of the convertible loan is 18 months from the date of first drawn down of the loan and can be extended for another 12 months subject to the mutual consent of the lender. Up to 50% of the loans are convertible into ordinary shares at SGD 0.35 per share at the option of the lender in one or multiple tranches at any time during the loan tenure.

Intra-group financial guarantee

Intra-group financial guarantee comprises a guarantee given by the Company to certain banks in respect of banking facilities amounting to RM187,200,000 (2018: nil) granted to three wholly-owned subsidiaries which expire over a period between year 2023 – 2026 and to an unrelated party in respect of joint venture agreement entered by a wholly-owend subsidiary amounting to RM47,068,000 (2018: nil) which expire on year 2023. At the reporting date, the Company has not recognised an ECL provision as the ECL amount was lower than the amortised liability for intra-group financial guarantee contracts. The Company does not consider it probable that a claim will be made against the Company under the guarantee. The carrying amount represented the initial fair value less the cumulative amount of income recognised.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans and borrowings RM'000 (note 16)	Interest payable RM'000 (note 17)	Finance lease liabilities RM'000 (note 15)	Total RM'000
Balance at 1 January 2018	113,847	2,241	3,422	119,510
Changes from financing cash flows				
Proceeds from loans and borrowings	67,262	–	–	67,262
Repayment of loans and borrowings	(26,119)	–	–	(26,119)
Payment of finance lease liabilities	–	–	(794)	(794)
Interest paid	(9,477)	(1,620)	–	(11,097)
Total changes from financing cash flows	31,666	(1,620)	(794)	29,252
Other changes – liability-related				
New finance leases	–	–	1,160	1,160
Interest expense	9,477	2,208	–	11,685
Total liability-related other changes	9,477	2,208	1,160	12,845
Balance at 31 December 2018	154,990	2,829	3,788	161,607

	Loans and borrowings RM'000 (note 16)	Interest payable RM'000 (note 17)	Lease liabilities* RM'000 (note 15)	Total RM'000
Balance at 1 January 2019	154,990	2,829	3,788	161,607
Recognition of lease liabilities on initial application of SFRS(I) 16	–	–	7,762	7,762
Adjusted balance at 1 January 2019	154,990	2,829	11,550	169,369
Changes from financing cash flows				
Proceeds from loan and borrowings	295,454	–	–	295,454
Repayment of loan and borrowings	(42,346)	–	–	(42,346)
Payment of lease liabilities	–	–	(1,535)	(1,535)
Interest paid	(19,405)	(2,779)	(597)	(22,781)
Issuance of redeemable preference shares to non-controlling interest by a subsidiary	25,184	–	–	25,184
Total changes from financing cash flows	258,887	(2,779)	(2,132)	253,976
Other changes – liability-related				
New leases	–	–	4,773	4,773
Interest expense	19,405	3,880	597	23,882
Unrealised gain on convertible loan	(720)	–	–	(720)
Total liability-related other changes	18,685	3,880	5,370	27,935
Balance at 31 December 2019	432,562	3,930	14,788	451,280

* See note 2.5

17 Trade and other payables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Trade payables	173,570	99,289	–	–
Other payables	21,051	14,015	77	30
Non-trade amounts due to:				
- subsidiaries	–	–	4,993	–
Accrued operating expenses	96,325	181,573	737	596
Booking fees received	93	6	–	–
Dividend payable	8,467	–	8,467	–
Interest payable	3,930	2,829	593	357
Refund liabilities	11,662	13,849	–	–
	315,098	311,561	14,867	983
Non-current				
Other payables	108,383	–	–	–

Included in trade payables of the Group are retention sums payable amounted to RM39,548,000 (2018: RM44,571,000).

Non-trade amounts with subsidiaries of the Company are unsecured, interest-free and repayable on demand.

Long-term other payables relates to consideration payable for various plots of land which is due in 2022.

18 Redeemable preference shares

During the year, AV City, a wholly-owned subsidiary of the Group, issued redeemable preference shares ("RPS") to its non-controlling interests. The RPS is repayable in 2024 and bears dividend of 8% per annum.

In 2015, AV City, a wholly-owned subsidiary of the Group, issued redeemable preference shares ("RPS") to its non-controlling interests. The RPS is repayable in 2020 and bears dividend of 8% per annum.

The salient features of the RPS are as follows:

(a) The maturity date of the RPS is the day falling five (5) years from the date of issue of the RPS unless the tenure of the RPS, if permitted by law, is extended by AV City and the RPS holder. If such date is not a business day, then it shall be the next business day immediately after the said non-business day.

(b) The RPS shall carry the right to receive cumulative preferential dividend out of the distributable profit of AV City, at a dividend rate of RM8.00 per annum per RPS. No dividends shall be paid on the ordinary shares of AV City unless the dividends on the RPS have first been paid. The dividends for the RPS shall be payable within 30 days from the close of each financial year end, and to the extent that the dividends or any part thereof is not paid on the relevant dividend payment date, it shall continue to accumulate (whether or not there are any distributable reserves). Provided that the first dividend payment shall not be earlier than the 1st anniversary of the issuance of the RPS. The last dividend payment shall be made on the maturity date.

(c) The RPS shall not be convertible into or exchangeable for shares of another class of AV City.

(d) The RPS shall rank in priority to any other classes of shares in AV City. No further shares ranking as to dividends or as to capital in priority to the said RPS shall be created or issued by AV City except with the consent or sanction of the holder of the said RPS.

(e) AV City may at any time, apply any profit or moneys of AV City which may be lawfully applied for purpose of the redemption of all or any of the RPS at its issue price during the tenure of the RPS at the option of AV City, where not less than seven (7) business days' in writing notice must be given.

At the same time and place so fixed such holders shall be bound to surrender to AV City the certificate of the RPS to be redeemed and AV City shall pay the amount payable in respect of such redemption and where such certificate comprises any RPS which have not been drawn for redemption, AV City shall issue to the holders thereof a fresh certificate.
Any remaining RPS not redeemed by AV City or surrendered by the RPS holders at the maturity date shall be automatically redeemed by AV City at its issue price.

All the provision of the Malaysia Companies Act, 1965 relating to redemption of shares, the premium payable on redemption (if any), the maintenance of the share premiums account of AV City (if any) as well as the creation or increase where requisite of the capital redemption reserve shall be duly observed.

(f) The redemption price is at 100% of the RPS's issue price together with arrears of unpaid dividends up to the date of redemption.

AV City may redeem the RPS on a pro-rate basis at the Redemption Price commencing from the date of issue of the RPS up to the maturity date, subject to written notice given not less than seven (7) business days.

19 Share-based payment transactions

Description of the share-based payment arrangements
At 31 December 2019, the Group has the following share-based payment arrangement:

Performance share plan (equity-settled)
On 8 December 2018, the Group offered 11 of its employees the opportunity to participate in an employee performance share plan. To participate in the plan, the employees are required to achieve time-based of 5 years. Under the terms of the plan, at the end of the 5 years, the employees are awards with shares at market price of the shares at the grant date. Only employees that remain in services and achieve the time-based for 5 years will become entitled to the share awards.

Measurement of fair values
Equity settled share-based payment arrangements
The fair value of the employee performance share plan has been set at a price equal to the average of the last dealt price for the Company's ordinary shares on the Catalist for the five consecutive trading days immediately preceding the relevant date of the grant of the share. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The fair values at the grant date of the equity-settled share-based payment plans were as follows:

	Performance share plan 2019
Fair value at grant date	SGD 0.121
Weighted average exercise price	SGD 0.121

At 31 December 2019, a total amount of RM32,000 (2018: nil) was invested by the participants in the share awards plan.

Expense recognised in profit or loss
For details on the related employee benefit expenses, see note 28.

20 Deferred income

	Group	
	2019 RM'000	2018 RM'000
At 1 January	–	48,569
Reclassification to development properties (note 9)	–	(15,403)
Amortisation for the year	–	(33,166)
At 31 December	–	–

Government grants

The amount represents tradable low-medium cost and affordable housing quotas approved by the local council in Penang, Malaysia, arising from the Group's development of low-medium cost and affordable houses. The quotas are conditional to the completion of the building of low- medium cost and affordable houses. The grants are recognised as deferred income and amortised to profit or loss based on the progress of the development. During 2018, reclassification to development properties relates to unsold portion of the completed units.

21 Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes related to the same authority. The amounts, determined after appropriate offsetting, are included in the statements of financial position as follows:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group						
Deferred tax assets/(liabilities)						
Land rights	–	–	–	(7,222)	–	(7,222)
Investment in associate	–	–	(2,740)	(2,740)	(2,740)	(2,740)
Unrealised profits	5,046	5,656	–	–	5,046	5,656
Inventories	–	–	(2,293)	(528)	(2,293)	(528)
Property, plant and equipment	133	–	(1,555)	(232)	(1,422)	(232)
Tax loss carry-forwards	1,942	2,890	–	–	1,942	2,890
Development properties	4,253	481	(7,015)	(265)	(2,762)	216
	11,374	9,027	(13,603)	(10,987)	(2,229)	(1,960)
Set off of tax	(3,870)	(481)	3,870	481	–	–
	7,504	8,546	(9,733)	(10,506)	(2,229)	(1,960)

The movements in the deferred tax assets and liabilities during the financial year are as follows:

	At 1 Jan 2018 RM'000	Recognised in profit or loss RM'000	At 31 December 2018 RM'000	Recognised in profit or loss RM'000	At 31 December 2019 RM'000
		(note 29)		(note 29)	
Group					
Deferred tax assets/(liabilities)					
Land rights	(7,980)	758	(7,222)	7,222	–
Investment in associate	(2,740)	–	(2,740)	–	(2,740)
Unrealised profits	7,505	(1,849)	5,656	(610)	5,046
Deferred income	1,971	(1,971)	–	–	–
Inventories	–	(528)	(528)	(1,765)	(2,293)
Property, plant and equipment	(395)	163	(232)	(1,190)	(1,422)
Tax loss carry-forwards	1,474	1,416	2,890	(948)	1,942
Development properties	(1,777)	1,993	216	(2,978)	(2,762)
	(1,942)	(18)	(1,960)	(269)	(2,229)

Unrecognised deferred tax asset

Deferred tax asset has not been recognised in respect of the following item:

	Group	
	2019 RM'000	2018 RM'000
Unabsorbed capital allowance	83	1,622
Tax losses	21,417	17,679
Other deductible temporary differences	3,991	3,647
	25,491	22,948

Unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of the unutilised tax losses because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

22 Share capital

	2019 No. of shares '000	2018 No. of shares '000
Company		
At 1 January	963,618	866,618
Issue of shares through private placement	–	97,000
Repurchase of own shares	(133)	–
Equity-settled share-based payment transactions	85	–
In issue at 31 December	963,570	963,618

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

All issued ordinary shares are fully paid up, with no par value.

Issue of ordinary shares
In December 2019, 84,800 ordinary shares were issued from the performance share plan granted to employees (2018: nil) (see note 19).

On 21 May 2018, 97,000,000 ordinary shares were issued through private placement at SGD0.24 per share.

Dividends
The following exempt (single-tier) dividends were declared and payable by the Group and Company:

For the year ended 31 December

	Group and Company	
	2019 RM'000	**2018 RM'000**
Paid by the Company to owners of the Company		
0.00342 per qualifying ordinary share	8,467	–

23 Reserves

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Merger reserve	37,442	37,442	–	–
Translation reserve	(11)	–	–	–
Reserve for own shares	(21)	–	(21)	–
Retained earnings/ (Accumulated losses)	124,663	116,383	1,406	(11,345)
	162,073	153,825	1,385	(11,345)

Merger reserve
Merger reserve represents the difference between the cost of investment and nominal value of share capital of the merged subsidiaries.

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Reserve for own shares
The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2019, the Group held 47,800 of the Company's shares (2018: nil).

24 Non-controlling interests

Subsidiaries with material NCI are as follows:

Name	Principal place of business/ Country of incorporation	Ownership interests held by NCI 2019 %	2018 %
AV City	Malaysia	20	20
APH	Malaysia	62	–
AV Homes	Malaysia	49	–

The following summarises the financial information of the Group's subsidiaries with material NCI, based on their respective consolidated unaudited financial statements prepared in accordance with FRS modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	AV City RM'000	APH RM'000	AV Homes** RM'000	Total RM'000
2019				
Revenue	243,057	–	375	243,432
Profit after tax	26,805	(1,345)	(12)	25,448
OCI	–	–	–	–
Total comprehensive income	26,805	(1,345)	(12)	25,448
Attributable to NCI:				
Profit after tax	5,361	(336)	(6)	5,019
OCI	–	–	–	–
Total comprehensive income	5,361	(336)	(6)	5,019
Non-current assets	241,389	–	7,500	248,889
Current assets	452,961	26,683	47,869	527,513
Non-current liabilities	(368,879)	–	–	(368,879)
Current liabilities	(180,208)	(18,028)	(5,382)	(203,618)
Net assets	145,263	8,655	49,987	203,905
Net assets attributable to NCI	29,053	2,164	24,494	55,711
Cash flows from operating activities	(177,860)	(9,980)	(19,089)	(206,929)
Cash flows from investing activities	(47,744)	–	(7,500)	(55,244)
Cash flows from financing activities	188,083	10,000	49,964	248,047
Net increase in cash and cash equivalents	(37,521)	20	23,375	(14,126)

** Include financial performance from July 2019 to December 2019 after subscription of a subsidiary's ordinary share by non-controlling interest.

	AV City RM'000
2018	
Revenue	336,030
Profit after tax	39,702
OCI	–
Total comprehensive income	39,702
Attributable to NCI:	
Profit after tax	7,983
OCI	–
Total comprehensive income	7,983
Non-current assets	45,839
Current assets	382,478
Non-current liabilities	(47,351)
Current liabilities	(262,508)
Net assets	118,458
Net assets attributable to NCI	23,692
Cash flows from operating activities	30,577
Cash flows from investing activities	(21,923)
Cash flows from financing activities	718
Net increase in cash and cash equivalents	9,372

25 Revenue

	Group	
	2019 RM'000	**2018 RM'000**
Sale of development properties		
– over time	243,947	487,873
– point in time	43,623	–
Sale of housing quotas	–	82,100
Sale of food and beverages	366	–
	287,936	569,973

Critical judgements in identifying performance obligations and measuring progress
Under the terms of the contract, the Group contracted with the customer to deliver a specified building unit to the customer in accordance with the plans and specifications set out in the contract. The contract includes the specified building unit

and an undivided share in the land and the common property. The analysis of whether the contract comprises one or more performance obligations, the method used to measure progress for revenue recognition and the amounts to be included as fulfilment cost represent areas requiring critical judgement by the Group.

Transaction price allocated to the remaining performance obligations
The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2019 RM'000	2018 RM'000
Aggregate amount of the transaction price allocated to sale of development properties for contracts that are partially unsatisfied	220,115	444,867

The Group expects the full transaction price allocated to the unsatisfied contracts at the reporting date to be recognised as revenue over the next 1 to 2 years (2018: 1 to 3 years).

26 Cost of sales

	Group	
	2019 RM'000	2018 RM'000
Property development expenses	189,120	398,603
Amortisation of deferred income	–	(33,166)
Cost of housing quotas	–	82,100
Cost of food and beverage	679	–
	189,799	447,537

27 Net finance costs

	Group	
	2019 RM'000	2018 RM'000
Finance income		
Interest income from:		
– Short term investment funds	1,939	2,550
– Sale of development properties under deferred payment scheme	1,113	–
Total finance income	3,052	2,550
Finance costs		
Interest expense on:		
– Lease liabilities (2018: finance lease liabilities)	(597)	(164)
– Secured term loans and bridging loans	(15,185)	(7,651)
– Revolving credit	(1,267)	(1,062)
– Convertible loan	(2,953)	(600)
– Preference shares	(1,469)	(1,300)
– Late payment interests	–	(908)
– Interest accreted upon recognition of fair value of land cost	(2,411)	–
	(23,882)	(11,685)

	Group	
	2019 RM'000	2018 RM'000
Finance costs	(23,882)	(11,685)
Less: Interest expense included in cost of sales and capitalised under development properties	17,004	3,879
Total finance costs	(6,878)	(7,806)
Net finance costs recognised in profit or loss	(3,826)	(5,256)

28 Profit before tax

The following items have been included in arriving at profit before tax for the year ended:

	Group	
	2019 RM'000	2018 RM'000
Audit fees paid to:		
- Auditors of the Company	(304)	(270)
- Other member firms of the auditors	(413)	(233)
Non-audit fees paid to other member firms of auditors	(95)	(60)
Depreciation of property, plant and equipment	(9,066)	(6,435)
Amortisation of intangible asset	(7)	–
Loss on equity-settled share-based payment transactions	(7)	–
Impairment loss on an associate	(2,500)	–
Property, plant and equipment written off	(653)	(54)
Employee benefit expense*:		
Salaries, bonus and other costs	(15,029)	(14,956)
Contributions to defined contribution plans	(1,647)	(1,702)
Equity-settled share-based payment transactions	(32)	–
	(16,708)	(16,658)
Less: Employee benefit expenses capitalised under development properties	3,176	10,357
	(13,532)	(6,301)

* Employee benefit expense excluding directors' remuneration.

29 Tax expense

	Note	Group 2019 RM'000	Group 2018 RM'000
Current tax expense			
Current year		15,419	26,033
Changes in estimates related to prior years		1,318	381
		16,737	26,414
Deferred tax expense			
Origination and reversal of temporary differences		1,224	733
Changes in estimates related to prior years		(955)	(715)
	21	269	18
Total tax expense		17,006	26,432

Reconciliation of effective tax rate is as follows:

	Group 2019 RM'000	Group 2018 RM'000
Profit before tax	38,772	75,336
Add/(Less): Share of result of equity-accounted investees, net of tax	582	(221)
	39,354	75,115
Income tax using Singapore tax rate of 17% (2018: 17%)	6,690	12,770
Effect of tax rates in foreign jurisdiction	8,666	6,675
Non-deductible expenses	890	3,250
Non-taxable income	(28)	(86)
Effect of deferred tax assets not recognised	432	4,136
Changes in estimates related to prior years	363	(334)
Other items	(7)	21
	17,006	26,432

Domestic income tax rate for Singapore incorporated company for the year ended 31 December 2019 was calculated at 17% (2018: 17%) of the estimated assessable profit for the year. Taxation for other jurisdiction was calculated at the rates prevailing in the relevant jurisdictions.

The tax rate applicable to entities incorporated in Malaysia is at 24% (2018: 24%).

Unrecognised deferred tax liabilities
Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of RM162,522,000 (2018: RM171,203,000) of certain overseas subsidiaries for the year ended 31 December 2019 as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary differences will not reverse in the foreseeable future.

30 Earnings per share

The basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019 RM'000	2018 RM'000
Profit attributable to ordinary shareholders	16,747	40,921

Weighted average number of ordinary shares

	Group	
	2019 RM'000	2018 RM'000
At beginning of the year	963,618	866,618
Effect of shares issued through private placement	–	59,529
Own shares acquired	(93)	–
Equity settled share-based payment transactions	20	–
At end of the year	963,545	926,147

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective years.

31 Leases

Leases as lessee (SFRS(I) 16)
The Group leases office spaces and motor vehicles. The leases typically run for a period between 1 and 26 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The office leases were entered into many years ago. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases motor vehicles under a number of leases, which were classified as finance leases under SFRS(I) 1-17.

The Group leases office equipment with contract terms of one to five years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets
Right-of-use assets related to leased office spaces and motor vehicles are presented as property, plant and equipment (see note 4).

	Leasehold land 2019 RM'000	Buildings 2019 RM'000	Motor vehicle 2019 RM'000	Total 2019 RM'000
Balance at 1 January	563	5,899	1,300	7,762
Depreciation charge for the year	(81)	(373)	(446)	(900)
Additions to right-of-use assets	–	4,773	–	4,773
Balance at 31 December	482	10,299	854	11,635

Amounts recognised in profit or loss

	RM'000
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	597
Expenses relating to short-term leases	362
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	94
2018 – Operating leases under SFRS(I) 1-17	
Lease expense	337

Amounts recognised in consolidated statement of cash flows

	2019 RM'000
Total cash outflow for leases	2,132

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of RM7,783,000.

32 Commitments

Capital commitments

Capital expenditure contracted for at the reporting dates but not recognised in the financial statements were as follows:

	Group	
	2019 RM'000	2018 RM'000
Construction in progress		
- Contracted for but not provided for	14,712	75,449

Other commitments

On 10 April 2019, the Group entered into a joint venture agreement with Selangor Agriculture Development Corporation for the redevelopment of a piece of leasehold commercial land into a residential development.

On 22 June 2019, the Group entered into a sales and purchase agreements to acquire Paya Terubong Land for a consideration of RM165,000,000.

As at the reporting date, the Group has contractual commitments to acquire the various land parcels based on acquisition date as follows:

	Group	
	2019 RM'000	2018 RM'000
Contracted but not provided for		
– Commitment of the subsidiaries	195,217	277,429

33 Financial instruments

Overview
The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework
Risk management is integral to the whole business of the Group. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The management has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee ("AC") oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group AC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group AC.

Credit risk
Credit risk is the risk of financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's and the Company's receivables from customers and cash placed with financial institutions.

Financial transactions are restricted to counterparties that meet appropriate credit criteria that are approved by the Group and are reviewed on a regular basis. In respect of trade and other receivables, the Group has guidelines governing the process of granting credit and outstanding balances are monitored on an ongoing basis.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. They are further restrained by credit limits and terms.
The carrying amounts of financial assets and contract assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

The carrying amounts of financial assets and contract assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

Exposure to credit risk
The carrying amount of financial assets and contract assets represents the Group's maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Contract assets	11	36,461	33,350	–	–
Trade and other receivables*	13	98,866	174,460	75,073	9,194
Cash and cash equivalents	14	67,663	163,035	6,018	50,278
		202,990	370,845	81,091	59,472

* Excluding prepayments.

The exposure to credit risk for trade receivables and contract assets at the reporting date by geographic region was as follows:

	Group	
	2019 RM'000	2018 RM'000
Domestic	67,744	89,756
Asia, other than domestic	12,118	764
	79,862	90,520

There is no concentration of customers' credit risk at the Company level.

Expected credit loss assessment for individual customers
The Group does not have any significant credit risk from its property development activities as its products are predominantly sold to a large number of property purchasers with end financing facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default, and the products do not suffer from physical, technological nor fashion obsolescence.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December:

	Group				
	Weighted average loss rate %	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net carrying amount RM'000	Credit impaired
2019					
Current (not past due)	–	74,991	–	74,991	No
1 to 30 days past due	–	3,908	–	3,908	No
31 to 120 days past due	–	916	–	916	No
Over 120 days past due	–	47	–	47	No
		79,862	–	79,862	
2018					
Current (not past due)	–	79,290	–	79,290	No
1 to 30 days past due	–	139	–	139	No
31 to 120 days past due	–	9,386	–	9,386	No
Over 120 days past due	–	1,705	–	1,705	No
		90,520	–	90,520	

There are no impairment losses arising from these outstanding balances as the ECL is not material and no historical loss recorded for the past 2 years. The Group believes that no impairment allowance is necessary in respect of neither past due nor impaired balances as these are supported by booking fees received and the unimpaired amounts that are past due more than 30 days are still collectible in full, based on historical payment behaviour and analyses of customer credit risks.

Financial guarantees
At 31 December 2019, the Company has issued a guarantee to certain banks in respect of credit facilities granted to three subsidiaries and to an unrelated party in respect of joint venture agreement entered by a wholly-owned subsidiary. These guarantees are subject to impairment assessment under SFRS(I) 9. The Company has assessed that the subsidiaries have strong capacity to meet the contractual cash flows obligations in the near future and hence, does not expect significant credit losses from the guarantees. The Company's assessment is based on quantitative and qualitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements and applying experience credit judgement).

A wholly-owned subsidiary of the Group has provided nil (2018: RM6,300,000) corporate guarantee to an unrelated party in respect of performance contract.

At the reporting date, the Group has not recognised an ECL provision. The Group does not consider it probable that a claim will be made against the Group under the financial guarantees. The periods in which the financial guarantees will expire are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Within one year	–	6,300

Non-trade amounts due from subsidiaries
The Company held non-trade receivables from its subsidiaries of RM56,320,000 (2018: nil). These balances are amounts lent to subsidiaries to satisfy short-term funding requirements. The Company use an approach that is used on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements and management accounts). There is no significant increase in credit risk for these exposures. Therefore impairment on these balances has been measured based on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

Cash and cash equivalents
At the reporting date, the Group and Company held cash and cash equivalents of RM67,663,000 (2018: RM163,035,000), and RM6,018,000 (2018: RM50,278,000) respectively which represents its maximum exposure on these assets. The cash and cash equivalents are held with banks and financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Redeemable preference shares in and advances to Bandar Cassia and GVL and non-trade amounts due from related companies
The Group held redeemable preference shares in and advances to its associates and non-trade receivables from its associates and subsidiaries to meet their funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The table below highlights the profile of the maturity of the Group's financial liabilities based on contractual undiscounted cash flows, including the interest payments and excluding the impact of netting agreements:

	Carrying amount RM'000	Contractual cash flows RM'000	Less than 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000
Group					
31 December 2019					
Trade and other payables*	423,388	(423,388)	(315,005)	(108,383)	–
Loans and borrowings**	397,978	(467,878)	(142,982)	(268,718)	(56,178)
Lease liabilities	14,788	(22,224)	(2,865)	(7,834)	(11,525)
Redeemable preference shares	34,584	(45,047)	(8,727)	(36,320)	–
	870,738	(958,537)	(469,579)	(421,255)	(67,703)
31 December 2018					
Trade and other payables*	311,555	(311,555)	(311,555)	–	–
Loans and borrowings**	145,590	(173,699)	(52,451)	(109,593)	(11,655)
Finance lease liabilities	3,788	(4,243)	(1,115)	(2,633)	(495)
Redeemable preference shares	9,400	(10,904)	(752)	(10,152)	–
	470,333	(500,401)	(365,873)	(122,378)	(12,150)

* Excluding booking fees received.
** Excluding preference shares.

	Carrying amount RM'000	Contractual cash flows RM'000	Less than 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000
Company					
31 December 2019					
Trade and other payables	14,867	(14,867)	(14,867)	–	–
Loans and borrowings	45,018	(45,891)	(45,891)	–	–
Recognised financial liabilities	59,885	(60,758)	(60,758)	–	–
Intra-group financial guarantee	–	(234,268)	(234,268)	–	–
	59,885	(295,026)	(295,026)	–	–
31 December 2018					
Trade and other payables	983	(983)	(983)	–	–
Loans and borrowings	45,738	(50,090)	(2,996)	(47,094)	–
	46,721	(51,073)	(3,979)	(47,094)	–

Market risk

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The Group's main operations are in Malaysia where majority of the transactions are primarily denominated in the functional currency, Ringgit Malaysia. Accordingly, the Group is not exposed to significant currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from cash and cash equivalents and borrowings. The Group does not hedge against this risk.

At the reporting date, the interest rate profile of the Group and the Company's interest-bearing financial instruments was:

	Nominal amount		Nominal amount	
	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments				
Financial assets	78,298	62,638	42,857	–
Financial liabilities	(115,720)	(71,756)	(45,018)	(45,738)
	(37,422)	(9,118)	(2,161)	(45,738)
Variable rate instruments				
Financial assets	22,042	53,275	62	45,165
Financial liabilities	(331,630)	(87,022)	–	–
	(309,588)	(33,747)	62	45,165

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the reporting dates would have increased/(decreased) profit or loss by the amounts shown below. There is no effect to the equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for all periods presented.

	Profit or loss	
	Group	
	100 bp Increase RM'000	100 bp Decrease RM'000
2019		
Variable rate instruments	(3,096)	3,096
2018		
Variable rate instruments	(337)	337

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

		Carrying amount			Fair value			
	Note	Amortised costs RM'000	Other financial liabilities RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group								
31 December 2019								
Financial assets not measured at fair value								
Redeemable preference shares – associates	8	53,835	–	53,835	–	–	53,868	53,868
Advances	8	17,340	–	17,340	–	–	17,323	17,323
Trade and other receivables*	13	98,866	–	98,866				
Cash and cash equivalents	14	67,663	–	67,663				
		237,704	–	237,704				
Financial liabilities not measured at fair value								
Trade and other payables^	17	–	(423,388)	(423,388)	–	–	(423,912)	(423,912)
Loans and borrowings								
– Term loans and bridging loans	16	–	(331,630)	(331,630)	–	–	(338,460)	(338,460)
– Revolving credit	16	–	(21,330)	(21,330)	–	–	(21,330)	(21,330)
– Redeemable preference shares	16	–	(34,584)	(34,584)	–	–	(37,224)	(37,224)
– Convertible loan	16	–	(45,018)	(45,018)	–	–	(45,018)	(45,018)
		–	(855,950)	(855,950)				
31 December 2018								
Financial assets not measured at fair value								
Redeemable preference shares – associates	8	53,835	–	53,835	–	–	49,271	49,271
Trade and other receivables*	13	174,460	–	174,460				
Cash and cash equivalents	14	163,035	–	163,035				
		391,330	–	391,330				
Financial liabilities not measured at fair value								
Trade and other payables^	17	–	(311,555)	(311,555)				
Loans and borrowings								
– Finance lease liabilities	15	–	(3,788)	(3,788)	–	–	(3,819)	(3,819)
– Term loans and bridging loans	16	–	(87,022)	(87,022)	–	–	(89,831)	(89,831)
– Revolving credit	16	–	(12,830)	(12,830)	–	–	(12,830)	(12,830)
– Redeemable preference shares	16	–	(9,400)	(9,400)	–	–	(9,740)	(9,740)
– Convertible loan	16	–	(45,738)	(45,738)	–	–	(45,438)	(45,438)
		–	(470,333)	(470,333)				

* Excluding prepayments.
^ Excluding booking fee received.

		Carrying amount			Fair value			
	Note	Amortised cost RM'000	Other financial liabilities RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company								
31 December 2019								
Financial assets not measured at fair value								
Trade and other receivables	13	75,073	–	75,073				
Cash and cash equivalents	14	6,018	–	6,018				
		81,091	–	81,091				
Financial liabilities not measured at fair value								
Trade and other payables	17	–	(14,867)	(14,867)				
Convertible loan	16	–	(45,018)	(45,018)	–	–	(45,018)	(45,018)
		–	(59,885)	(59,885)				
31 December 2018								
Financial assets not measured at fair value								
Trade and other receivables	13	9,194	–	9,194				
Cash and cash equivalents	14	50,278	–	50,278				
		59,472	–	59,472				
Financial liabilities not measured at fair value								
Trade and other payables	17	–	(983)	(983)				
Convertible loan	16	–	(45,738)	(45,738)	–	–	(45,438)	(45,438)
		–	(46,721)	(46,721)				

Valuation technique

Financial instruments not measured at fair value

The following table shows the valuation technique used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial assets – redeemable preference shares	Discounted cash flows	Discount rate : 3.50% - 5.38% (2018: 6.03%)	The estimated fair value would increase/(decrease) if discount rate was lower/(higher).
Other financial liabilities*	Discounted cash flows	Discount rate : 2.30% - 6.41% (2018: 6.32% - 6.41%)	The estimated fair value would increase/(decrease) if discount rate was lower/(higher).

*Other financial liabilities include loans and borrowings.

34 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. Capital consists of equity attributable to owners of the Company.

To maintain or adjust the capital structure, the Group may adjust the dividend payment, return capital to shareholders, issue new shares, and obtain new borrowings to leverage on lower cost of borrowings versus the Group's weighted average cost of capital or sell assets to reduce borrowings.

The Company and its subsidiaries are in compliance with its externally imposed capital requirements for the financial year ended 31 December 2019.

35 Related parties

Transactions with key management personnel
Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the authorities of the entity. The directors and senior key management are considered as key management personnel of the Group.

Key management personnel remuneration comprised:

	Group	
	2019 RM'000	**2018 RM'000**
Directors fee	561	349
Short-term employee benefits	8,907	7,781
Post-employment benefits (including contributions to defined contribution plans)	951	836
Benefits-in-kind	164	128
	10,583	9,094

Key management personnel transactions comprised:

	Group	
	2019 RM'000	**2018 RM'000**
Progress billings		
Key management personnel	–	6,943
Companies in which directors and key management personnel have substantial interests	–	7,904
Companies in which close family member of key management personnel have substantial interests	–	1,706
	–	16,553

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and its related parties during the financial year on terms agreed between the parties concerned:

	2019 RM'000	2018 RM'000
Associate		
Cost allocation received and receivable	25,332	10,221
Management fee income	–	40

36 Contingent liabilities

During 2018, AG Innovation Sdn. Bhd. and Aspen Vision All Sdn. Bhd., both subsidiaries of the Group, have been served with a Writ of Summons endorsed with a statement of claim filed by IBM Malaysia and IBM Capital Malaysia claiming RM2.2 million and RM5.4 million respectively. As at 31 December 2019, the claims are pending legal trial of which the outcome are not presently determinable. Accordingly, no provision for any liability has been made in these financial statements.

During the year, the Company's subsidiary, Aspen Vision City Sdn. Bhd. ("AVC") has been served with a Writ of Summons endorsed with a statement of claim filed by Pendang Pembangunan Sdn. Bhd.("Pendang"), claiming for inter alia, a sum of RM1,666,004 being refund and reimbursement of deposit and ancillary fees paid by Pendang in connection with the purchase and development of a piece of petrol station land by Pendang from AVC, which has been terminated.

As at 31 December 2019, the claims are pending trial of which the outcome are not presently determinable. Accordingly, no provision for any liability has been made in these financial statements.

37 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker ("CODM"). The CODM is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

The following summary describes the operations in each of the Group's reportable segments:

Property development	Development of residential and commercial properties
Food and beverages	Sales of food and beverages

Food and beverages segment do not meet any of the quantitative threshold for determining reportable segment in 2019. Management assessed the performance of the Group's operations based on the profit before tax, total assets and total liabilities which are measured in a manner consistent with that of the financial statements.

38 Subsequent events

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures.

On sale side, the Group had put on deferment of planned marketing events in various international cities due to increasing number of countries worldwide are imposing curbs on travel. In turn, sale activities had been done digitally and on social media channels with active engagement of all leads generated by our sales and marketing teams to ramp up awareness and garner feedback throughout the Movement control order (MCO) period.

On construction progress, the Group foresee there will be some delays in construction progress due to disturbance in supply chain experienced in materials shipment as suppliers had suspended their operation during MCO. Meanwhile, the adoption of Industrialized Building System (IBS) will surely ramp up the pace for our projects.

However, the magnitude of the impact of Covid-19 pandemic and resulting MCO remains uncertain at this juncture, with the full range of possible effects unknown as it depends on the eventual duration of MCO and effectiveness of the preventive measures put in place by the authority. The Group will continue to focus on market-driven product offerings whilst continue to unlock the value of its landbanks at strategic locations across Northern Regions.

For the Group 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future.

Statistics of Shareholdings

AS AT 20 APRIL 2020

Share Capital as at 20 April 2020

Issued and paid up capital	:	RM237,240,943
Number of Issued Shares (excluding Treasury Shares)	:	983,269,594
Number / Percentage of Treasury Shares	:	47,800 (0.005%)
Number / Percentage of Subsidiary Holdings Held	:	Nil
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Share

Distribution of Shareholders by Size of Shareholdings

AS AT 20 APRIL 2020

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-99	–	0.00	–	0.00
100-1,000	101	21.72	94,309	0.01
1,001-10,000	176	37.85	827,684	0.08
10,001-1,000,000	170	36.56	15,725,813	1.60
1,000,001 and above	18	3.87	966,621,788	98.31
TOTAL	**465**	**100.00**	**983,269,594**	**100.00**

Twenty Largest Shareholders

AS AT 20 APRIL 2020

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	PHILLIP SECURITIES PTE LTD	339,991,970	34.58
2	KENANGA NOMINEES (TEMPATAN) SDN BHD	156,114,676	15.88
3	CITIBANK NOMINEES SINGAPORE PTE LTD	123,085,276	12.52
4	MAYBANK KIM ENG SECURITIES PTE. LTD.	104,657,305	10.64
5	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	96,931,248	9.86
6	RAFFLES NOMINEES (PTE) LIMITED	58,710,554	5.97
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	34,503,803	3.51
8	OCBC SECURITIES PRIVATE LTD	11,048,500	1.12
9	UOB KAY HIAN PTE LTD	8,938,307	0.91
10	ASDEW ACQUISITIONS PTE LTD	7,041,188	0.72
11	RHB SECURITIES SINGAPORE PTE LTD	5,800,259	0.59
12	CHEAH TEIK SENG	4,480,252	0.46
13	HSBC (SINGAPORE) NOMINEES PTE LTD	4,327,600	0.44
14	YEE WEI MENG	3,478,000	0.35
15	YIM AH HOE	3,021,700	0.31

16	DBS NOMINEES PTE LTD	1,946,350	0.20
17	GOH TIONG YONG	1,394,800	0.14
18	LIEW CHEE KONG	1,150,000	0.12
19	KGI SECURITIES (SINGAPORE) PTE. LTD.	1,000,000	0.10
20	MAX LEE KIM LOONG	1,000,000	0.10
	TOTAL	**968,621,788**	**98.52**

Note: Percentage computed is based on 983,269,594 shares (excluding shares held as treasury shares) as at 20 April 2020

Substantial Shareholders

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 20 April 2020

	Direct Interest		Deemed Interest		Total	
Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Aspen Vision Group Sdn. Bhd.	495,602,146	50.40	–	–	495,602,146	50.40
Dato' Murly Manokharan[(1)]	–	–	505,877,952	51.45	505,877,952	51.45
Ideal Force Sdn. Bhd.[(2)]	63,720,276	6.48	26,000,000	2.64	89,720,276	9.12
Oh Kim Sun[(3)]	41,340,000	4.20	89,720,276	9.12	131,060,276	13.32
Oxley Holdings Limited	101,340,620	10.31	–	–	101,340,620	10.31
Ching Chiat Kwong[(4)]	–	–	101,340,620	10.31	101,340,620	10.31
Low See Ching (Liu Shijin)[(5)]	–	–	101,340,620	10.31	101,340,620	10.31

Notes:

(1) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Dato' Murly Manokharan is deemed interested in the shares of the Company held through the following entities:-
(a) Aspen Vision Group Sdn. Bhd. – 495,602,146 ordinary shares (50.40%); and
(b) Intisari Utama Sdn. Bhd. – 10,275,806 ordinary shares (1.05%).

Dato' Murly Manokharan holds 64.76% and 100% of the ordinary shares of Aspen Vision Group Sdn. Bhd. and Intisari Utama Sdn. Bhd. respectively.

(2) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Ideal Force Sdn. Bhd. is deemed interested in the shares of the Company held by Setia Batu Kawan Sdn. Bhd.

Ideal Force Sdn. Bhd. holds 30% of the issued share capital of Setia Batu Kawan Sdn. Bhd.

(3) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Mr. Oh Kim Sun is deemed interested in the shares of the Company held through the following entities:-
(a) Ideal Force Sdn. Bhd. – 63,720,276 ordinary shares (6.48%); and
(b) Setia Batu Kawan Sdn. Bhd. – 26,000,000 ordinary shares (2.64%).

The issued share capital of Ideal Force Sdn. Bhd. is wholly owned by Mr. Oh Kim Sun and his associates.

Mr. Oh Kim Sun holds 20% of the issued share capital of Setia Batu Kawan Sdn. Bhd.

(4) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Mr. Ching Chiat Kwong is deemed interested in the shares of the Company held through Oxley Holdings Limited as he holds 42.15% of the total issued shares (excluding treasury shares) of Oxley Holdings Limited.

(5) By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore, Mr. Low See Ching (Liu Shijin) is deemed interested in the shares of the Company held through Oxley Holdings Limited as he holds 28.16% of the total issued shares (excluding treasury shares) of Oxley Holdings Limited.

Public Float

Based on the information available to the Company as at 20 April 2020, approximately 24.41% of the total issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist is complied with.

Disclosure of Information on Directors Seeking Re-Election Pursuant to Rule 720(5) of The Rules of Catalist of The SGX-ST (The "Catalist Rules")

Mr. Cheah Teik Seng is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 25 June 2020 ("**AGM**") (the "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the following is the information relating to the Retiring Director as set out in Appendix 7F to the Catalist Rules:

Date of Appointment	20 June 2017
Date of last re-appointment	25 April 2018
Age	67
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr. Cheah Teik Seng for re-election as the Chairman and Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Cheah Teik Seng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman and Independent Non-Executive Director, Chairman of Audit Committee and Remuneration Committee as well as a member of Nominating Committee
Professional qualifications	• Bachelor of Science (Honours), University of Manchester, UK • Fellow of the Institute of Chartered Accountants in England and Wales
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None

Conflict of Interest (including any competing business)	None
Working experience and occupation(s) during the past 10 years	**March 2007 to April 2019:** Lima Capital Asia Pte Ltd (fka Aktis Capital Singapore Pte Ltd) – Chief Executive Officer / Director
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	Yes
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest - 4,480,252 ordinary shares
Other Principal Commitments* Including Directorships	
Past (for the last 5 years)	**Past** Aktis Special Situations G.P. Limited
Present	**Present** 1. Pan Asia Mortgage Co., Ltd 2. SLEEP International Limited 3. Chongqing International Trade Centre Hotel Co., Ltd 4. Aktis Special Situations Management Limited 5. Aktis Financial Holdings SPC Limited 6. Good Partner Limited 7. Chongqing Yashi Financial Leasing Co., Ltd 8. China Light Point Logistics Ltd
Disclose the following matters concerning an appointment of director.	
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No.
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No.
c. Whether there is any unsatisfied judgment against him?	No.

d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No.
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No.
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No.
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No.
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No.
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No.

j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– **i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or** **ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or** **iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or** **iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?**	No.
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No.
Any prior experience as a director of an issuer listed on the Exchange? **If yes, please provide details of prior experience.** **If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.** **Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).**	Not applicable as this relates to the re-election of a director

"principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Disclosure of Information on Directors Seeking Re-Election Pursuant to Rule 720(5) of The Rules of Catalist of The SGX-ST (The "Catalist Rules")

Dato' Seri Nazir Ariff Bin Mushir Ariff is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 25 June 2020 ("**AGM**") (the "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the following is the information relating to the Retiring Director as set out in Appendix 7F to the Catalist Rules:

Date of Appointment	30 May 2017
Date of last re-appointment	25 April 2018
Age	74
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Dato' Seri Nazir Ariff Bin Mushir Ariff for re-election as Executive Deputy Chairman of the Company. The Board have reviewed and concluded that Dato' Seri Nazir Ariff Bin Mushir Ariff possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Dato' Seri Nazir Ariff Bin Mushir Ariff is responsible to oversee the corporate development of the Company
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Deputy Chairman
Professional qualifications	• Certificate of Membership, British Institute of Management • Management Development Programme, Ashridge Management College, UK • Management Development Programme, Asian Institute of Management, the Philippines • Association of Certified and Corporate Accountants

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None
Working experience and occupation(s) during the past 10 years	**March 2010 to February 2013:** Ivory Properties Group Berhad – Executive Director / Deputy Chairman **February 2013 to Present:** Aspen Vision Development Sdn Bhd – Executive Director
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	Yes
Shareholding interest in the listed issuer and its subsidiaries	Nil
Other Principal Commitments* Including Directorships	
Past (for the last 5 years)	**Past** –
Present	**Present** 1. Aspen Vision Development (Central) Sdn Bhd 2. Aspen Vision Synergy Sdn Bhd 3. Bandar Cassia Properties (SC) Sdn Bhd 4. Aspen Vision City Sdn Bhd 5. Aspen Vision All Sdn Bhd 6. Aspen Vision Realty Sdn Bhd 7. Aspen Vision Properties Sdn Bhd 8. Aspen Vision Tanjung Sdn Bhd 9. Aspen Vision Builders Sdn Bhd 10. Aspen Vision Ventures Sdn Bhd 11. Aspen Vision Land Sdn Bd 12. Aspen Vision Development Sdn Bhd 13. Aspen Vision Construction Sdn Bhd 14. AG Innovation Sdn Bhd 15. Aspen Vision Homes Sdn Bhd 16. Aspen Vision Group Sdn Bhd 17. PBA Holdings Berhad, Malaysia 18. Texchem Resources Berhad, Malaysia 19. Escoy Holdings Berhad 20. Greenpen Freight Services Sdn Bhd 21. Global Vision Logistics Sdn Bhd 22. Aspen Vision Credit Sdn Bhd 23. Viana Mentari Sdn Bhd 24. Aspen Park Hills Sdn Bhd 25. Small Medium Enterprise Development Bank Malaysia Berhad

Disclose the following matters concerning an appointment of director.	
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No.
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No.
c. Whether there is any unsatisfied judgment against him?	No.
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No.
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No.
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No.

g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No.
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No.
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No.
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– **i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or** **ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or** **iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or** **iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?**	No.

k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No.
Any prior experience as a director of an issuer listed on the Exchange? **If yes, please provide details of prior experience.** **If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.** **Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).**	Not applicable as this relates to the re-election of a director

"principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Disclosure of Information on Directors Seeking Re-Election Pursuant to Rule 720(5) of The Rules of Catalist of The SGX-ST (The "Catalist Rules")

Dr. Lim Su Kiat is the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 25 June 2020 ("**AGM**") (the "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the following is the information relating to the Retiring Director as set out in Appendix 7F to the Catalist Rules:

Date of Appointment	22 December 2016
Date of last re-appointment	25 April 2018
Age	45
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Dr. Lim Su Kiat for re-election as Non-Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Dr. Lim Su Kiat possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Director, member of the Audit Committee and Remuneration Committee
Professional qualifications	• Bachelor of Business (Accounting), Monash University, Australia • Master of Business (Accounting), Monash University, Australia • Doctor of Philosophy, Monash University, Australia

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None
Working experience and occupation(s) during the past 10 years	**March 2006 to October 2010:** Allco Finance Group Limited / Frasers Centrepoint Commercial Ltd – Director, Fund Management **July 2011 to November 2017:** Rockworth Capital Partners Pte Ltd – Chief Investment Officer, Executive Director, Funds Management **November 2017 to Present:** Firmus Capital Pte Ltd – Chief Executive Officer
Undertaking submitted to the listed issuer in the form of Appendix 7H (Catalist Rule 704(6))	Yes
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest – 20,552 ordinary shares
Other Principal Commitments* Including Directorships	
Past (for the last 5 years) **Present**	**Past** 1. Rockworth Capital Partners Pte Ltd 2. Aspen Vision All Sdn Bhd 3. Aspen Vision City Sdn Bhd **Present** 1. Aspen Vision All Sdn Bhd 2. Aspen Vision Group Sdn Bhd 3. Laville Pte Ltd 4. M&S Global Ventures Pte Ltd 5. Firmus Capital Pte Ltd 6. Firmus Investment Management Pty Ltd 7. Firmus Creek Pty Ltd 8. Firmus Property Pty Ltd 9. Kanada-Ya SG Pte Ltd 10. Kanada-Ya Restaurants Pte Ltd
Disclose the following matters concerning an appointment of director.	
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No.

b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No.
c. Whether there is any unsatisfied judgment against him?	No.
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No.
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No.
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No.
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No.
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No.

i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No.
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No.
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No.
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable as this relates to the re-election of a director

"principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Appendix To The Annual Report For The Financial Year Ended 31 December 2019

DATED 15 MAY 2020

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.

If you have sold or transferred all your ordinary shares in the share capital of the Company represented by physical share certificate(s), you should immediately forward this Appendix, the Notice of the Annual General Meeting and the accompanying Proxy Form which are enclosed with the Annual Report for the financial year ended 31 December 2019 to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected, for onward transmission to the purchaser or the transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This Appendix has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

In this Appendix, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

"2019 AGM"	:	The annual general meeting of the Company held on 25 April 2019
"2020 AGM"	:	The annual general meeting of the Company to be held on 25 June 2020
"ACRA"	:	Accounting and Corporate Regulatory Authority
"Act" or "Companies Act"	:	Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"AGM"	:	The annual general meeting of the Company
"Appendix"	:	This Appendix to Shareholders in respect of the proposed renewal of the Share Buy Back Mandate
"Associate"	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: i. his immediate family; ii. the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and iii. any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Board of Directors" or "Board"	:	The board of directors of the Company for the time being
"Catalist"	:	The Catalist Board of the SGX-ST
"Catalist Rules"	:	Section B: Rules of Catalist of the Listing Manual of the SGX-ST as amended, supplemented or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	Aspen (Group) Holdings Limited
"Constitution"	:	Constitution of the Company, as amended, supplemented or modified from time to time
"Control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or (b) in fact exercises Control over the Company
"Directors"	:	The directors of the Company for the time being
"EGM"	:	The extraordinary general meeting of the Company held on 29 January 2019
"EPS"	:	Earnings per Share
"FY"	:	Financial year of the Company ended or ending 31 December (as the case may be)
"Group"	:	The Company and its subsidiaries
"Latest Practicable Date"	:	4 May 2020, being the latest practicable date prior to the issuance of this Appendix
"Market Day"	:	A day on which SGX-ST is open for securities trading
"NAV"	:	Net asset value
"NTA"	:	Net tangible assets
"Relevant Period"	:	Has the meaning ascribed to it under Section 3.2 of this Appendix

"Securities Account"	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
"SFA" or "Securities and Futures Act"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the share capital of the Company and "Share" shall be construed accordingly
"Shareholders"	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
"Share Buy Back"	:	The exercise of buy-back(s) of Shares pursuant to the Share Buy Back Mandate
"Share Buy Back Mandate"	:	The general and unconditional mandate given by the Shareholders on 29 January 2019, and subsequently renewed on 25 April 2019 to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued Shares within the Relevant Period, in accordance with the terms set out in this Appendix, as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
"SIC"	:	Securities and Industry Council of Singapore
"Sponsor"	:	PrimePartners Corporate Finance Pte. Ltd.
"Substantial Shareholder"	:	A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued share capital of the Company
"Takeover Code"	:	The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended
"Treasury Shares"	:	Issued Shares of the Company which was (or is treated as having been) purchased or acquired by the Company in circumstances which Section 76H of the Companies Act applies and has since been continuously held by the Company and "Treasury Share" shall be construed accordingly

Currencies, Units and Others

"S$", or "cents"	:	Singapore dollars and cents, respectively
"RM", or "RM cents"	:	Malaysian Ringgit and cents, respectively
"%" or "per cent"	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, has the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Appendix shall be a reference to Singapore time, unless otherwise stated. Any discrepancies in this Appendix between the amounts listed and the total thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

ASPEN (GROUP) HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201634750K)

Directors:		Registered Office:
Dato' Murly Manokharan	President and Group Chief Executive Officer	80 Robinson Road #02-00 Singapore 068898
Dato' Seri Nazir Ariff Bin Mushir Ariff	Executive Deputy Chairman	
Mr. Cheah Teik Seng	Chairman and Independent Non-Executive Director	
Ir. Anilarasu Amaranazan	Group Managing Director	
Dato' Alan Teo Kwong Chia	Independent Non-Executive Director	
Dato' Choong Khuat Seng	Independent Non-Executive Director	
Dr. Lim Su Kiat	Non-Independent Non-Executive Director	
Mr. Ching Chiat Kwong	Non-Independent Non-Executive Director	
Mr. Low See Ching (Liu Shijin)	Alternate Director to Mr. Ching Chiat Kwong	

15 May 2020

To: The Shareholders of Aspen (Group) Holdings Limited

Dear Shareholders,

1. INTRODUCTION

The Company will be holding its 2020 AGM on 25 June 2020, 10:00 am by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the renewal of the Share Buy Back Mandate to be tabled at the 2020 AGM. The Notice of AGM is published on the SGX website at the URL *https://www.sgx.com/securities/company-announcements* and may be accessed at the Company's website at the URL *https://aspen.listedcompany.com/newsroom.html.*

The SGX-ST and Sponsor take no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1 The Proposed Renewal of the Share Buy Back Mandate

At the EGM of the Company, the Shareholders had approved the Share Buy Back Mandate to enable the Company to purchase or otherwise acquire Shares. The renewal of the Share Buy Back Mandate was passed by Shareholders at the 2019 AGM. As the Share Buy Back Mandate will expire on the date of the forthcoming 2020 AGM, the Directors propose that the Share Buy Back Mandate be renewed at the 2020 AGM.

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Companies Act and the Catalist Rules and such other laws and regulations as may for the time being be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares. Regulation 13(B) of the Constitution expressly permits the Company to purchase its issued Shares.

If approved by Shareholders at the 2020 AGM, the authority conferred by the Share Buy Back Mandate will take effect from the date of the 2020 AGM at which the renewal of the Share Buy Back Mandate has been approved ("Renewal Date") and continue to be in force until the date on which the next AGM of the Company is held or required to be held; the date on which the Share Buy Backs are carried out to the full extent mandated; or the date on which the authority contained in the Share Buy Back Mandate is varied or revoked by the Shareholders in a general meeting, whichever is the earliest, and may be renewed by Shareholders in a general meeting.

2.2 Rationale for the Share Buy Back Mandate

The Share Buy Back Mandate will give the Company the flexibility to purchase or otherwise acquire its Shares if and when circumstances permit. The Directors believe that Share Buy Back would allow the Company and its Directors to better manage the Company's share capital structure, dividend payout and cash reserves. In addition, it also provides the Directors a mechanism to facilitate the return of surplus cash over and above the Company's ordinary capital requirements in an expedient and cost-efficient manner, and the opportunity to exercise control over the Company's share capital structure with a view to enhance the EPS and/or NAV per Share of the Group.

The Directors further believe that Share Buy Back by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholders' confidence.

If and when circumstances permit, the Directors will decide whether to effect the Share Buy Back via market purchases or off- market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out the Share Buy Back to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Company or the Group.

3. TERMS OF THE SHARE BUY BACK MANDATE

The authority and limitations placed on purchases and acquisitions of the Shares by the Company under the Share Buy Back Mandate, if renewed at the 2020 AGM, are summarised below:

3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate during the Relevant Period is limited to that number of Shares representing not more than 10% of the issued share capital of the Company, ascertained as at the date of the 2020 AGM at which the Share Buy Back Mandate is renewed (the "Approval Date"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered. For purposes of calculating the percentage of issued shares above, any of the Shares which are held as Treasury Shares and subsidiary holdings (if applicable) will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date of 983,269,594 Shares, excluding 47,800 Treasury Shares held by the Company and no subsidiary holdings, and assuming that no further shares are issued at or prior to the 2020 AGM, not more than 98,326,959 Shares (representing ten per cent (10%) of the issued and paid-up share capital of the Company) may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate during the duration referred to under Section 3.2 below.

3.2 Duration of Authority

Purchases or acquisitions of Shares may be made at any time and from time to time, on and from the Renewal Date, up to the earlier of:

(a) the conclusion of the next AGM or the date by which such AGM is required by law or the Constitution to be held; or

(b) the date on which the Share Buy Back is carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buy Back Mandate is varied or revoked by the Shareholders in a general meeting;

(hereinafter referred to as "Relevant Period"). The authority conferred by the Share Buy Back Mandate to purchase or acquire Shares may be renewed at each AGM or any other general meeting of the Company. When seeking the approval of the Shareholders for the renewal of the Share Buy-Back Mandate, the Company is required to disclose details pertaining to any Share Buy Back made during the previous twelve (12) months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such Share Buy Back, where relevant, and the total consideration paid for such Share Buy Back.

3.3 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("Market Purchase"), transacted on the SGX-ST through the ready market and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("Off-Market Purchase") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act and which will satisfy all the conditions prescribed by the Constitution, Companies Act and the Catalist Rules.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Catalist Rules, Constitution and the Companies Act as they consider fit in the interest of the Company in connection with or in relation to any equal access scheme(s).

An Off-Market Purchase must, however, satisfy all the following conditions:

(a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers shall be the same, except that there shall be disregarded:

i. differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

ii. differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

iii. differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, Rule 870 of the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share Buy Back;

(d) the consequences, if any, of the Share Buy Back by the Company that will arise under the Takeover Code or other applicable take-over rules;

(e) whether the Share Buy Back, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) details of any Share Buy Back made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases in accordance with an equal access scheme(s)), setting out the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases or acquisitions; and

(g) whether the Shares purchased or acquired by the Company will be cancelled or kept as Treasury Shares.

3.4 Maximum Purchase Price

The purchase price (including brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for the Shares must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter).

(the "Maximum Price") in either case, including related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, preceding the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-Market Day period and the day on which the purchases are made.

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme(s) for effecting the Off- Market Purchase.

4. STATUS OF PURCHASED SHARES UNDER THE SHARE BUY BACK MANDATE

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as Treasury Shares, or partly cancelled and partly kept as Treasury Shares, depending on the needs of the Company at that time.

4.1 Cancellation

A Share purchased or acquired by the Company is, unless held as a Treasury Share in accordance with the Companies Act, treated as cancelled immediately on purchase or acquisition. On such cancellation, all rights and privileges attached to the Share will expire on cancellation.

The total number of issued Shares will be diminished by the number of Shares which are purchased or acquired and cancelled by the Company. All Shares purchased or acquired and cancelled by the Company will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition or cancellation.

4.2 Treasury Shares

Under the Companies Act, a company may hold shares so purchased or acquired as treasury shares provided that:

(a) Maximum Holdings
The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with Section 76K of the Companies Act within six (6) months or such further periods as ACRA may allow.

(b) Voting and Other Rights
The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision of any Treasury Shares into Treasury Shares of a larger amount, or consolidation of any Treasury Shares into Treasury Shares of a smaller amount, is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation
Where Shares are held as Treasury Shares, the Company may at any time:

i. sell the Treasury Shares for cash;

ii. transfer the Treasury Shares for the purposes of, or pursuant to any share schemes of the Company, whether for employees, directors or other persons;

iii. transfer the Treasury Shares as consideration for the acquisition of Shares in, or assets of, another company or assets of a person;

iv. cancel the Treasury Shares; or

v. sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

4.3 Requirements of Catalist Rules

The Company, upon undertaking any sale, transfer, cancellation and/or use of Treasury Shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

(a) date of the sale, transfer, cancellation and/or use;

(b) purpose of such sale, transfer, cancellation and/or use;

(c) number of Treasury Shares sold, transferred, cancelled and/or used;

(d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;

(e) percentage of the number of Treasury Shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

5. SOURCE OF FUNDS FOR SHARE BUY-BACK

The Company may only apply funds for the Share Buy Back Mandate in accordance with the Companies Act, Constitution and the applicable laws in Singapore. The Company may not buy Shares for a consideration other than cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the Catalist Rules. As stated in the Companies Act, the Share Buy Back may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, the Company is solvent if (a) there is no ground on which the company could be found to be unable to pay its debts; (b) if (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimates of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

When Shares are purchased or acquired, and cancelled:

(a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (including brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) (the "Purchase Price") and the amount available for the distribution of dividends by the Company will not be reduced;

(b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits and the amount available for distribution of dividends by the Purchase Price; or

(c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the Purchase Price.

The Company may use internal resources and/or external borrowings to finance purchases and acquisitions of its Shares pursuant to the Share Buy Back Mandate.

The Directors do not propose to exercise the Share Buy Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

6. TAKE-OVER IMPLICATIONS UNDER THE TAKEOVER CODE

6.1 Appendix 2 of the Takeover Code

Appendix 2 of the Takeover Code contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

6.2 Obligation to make a take-over offer

Rule 14 of the Takeover Code ("Rule 14") requires, inter alia, that except with the consent of the SIC, where:

(a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or

(b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In calculating the percentages of voting rights of such person and their concert parties, Treasury Shares and subsidiary holdings shall be excluded.

6.3 Persons acting in concert

Persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert, namely, (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

Consequently, a Director and persons acting in concert (as such term is defined in the Takeover Code) with him could, depending on the level of increase in his/her or their interest in the Company, become obliged to make a mandatory offer in accordance with Rule 14 as a result of the Company's Share Buy Back.

Unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by 1% in any period of six (6) months.

Further details of the interests of the Directors and Substantial Shareholders of the Company in the Shares of the Company as at the Latest Practicable Date are set out in Section 13 of this Appendix.

6.4 Effect of Rule 14 and Appendix 2 of the Takeover Code

In general terms, the effect of Rule 14 and Appendix 2 of the Takeover Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

(a) the voting rights of such Directors and persons acting in concert with them would increase to 30% or more; or

(b) in the event that such Directors and persons acting in concert with them hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and persons acting in concert with them would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Takeover Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

(i) the voting rights of such Shareholder would increase to 30% or more; or

(ii) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months.

Such Shareholder need not abstain from voting in respect of the ordinary resolution authorising the renewal of the Share Buy Back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Takeover Code as a result of any purchase or acquisition of Shares by the Company should consult their professional advisers and/or SIC and/or other relevant authorities at the earliest opportunity.

6.5 Application of the Takeover Code

Based on the shareholdings of the Directors and the Substantial Shareholders of the Company as at the Latest Practicable Date as set out in Section 13 below, in the event that the Company undertakes Share Buy Back of up to ten per cent (10%) of the issued share capital of the Company as permitted by the Share Buy Back Mandate, none of the Directors or Substantial Shareholders are required to make a mandatory takeover offer for the Company under Rule 14 of the Takeover Code.

7. FINANCIAL IMPACT

7.1 Assumptions

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buy Back Mandate on the financial effects as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled. The financial effects presented in this Section of this Appendix are based on the assumptions set out below:

(a) Information as at the Latest Practicable Date
The Company has 983,269,594 Shares (excluding treasury shares and subsidiary holdings). The Company holds 47,800 Treasury Shares and there are no subsidiary holdings.

(b) Illustrative Financial Effects
Purely for illustrative purposes, on the basis of 983,269,594 Shares in issue as at the Latest Practicable Date (excluding Treasury Shares and subsidiary holdings) and assuming no further Shares are issued and no Shares are held by the Company as Treasury Shares and there are no subsidiary holdings on or prior to the AGM, the purchase or acquisition by the Company of 10% of its issued Shares will result in the purchase or acquisition of 98,326,959 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 98,326,959 Shares at the Maximum Price of S$0.0609 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive trading Market Days on which the Shares were traded on SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 98,326,959 Shares is approximately RM18.25 million based on an exchange rate of RM3.0471 : S$1.00.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 98,326,959 Shares at the Maximum Price of S$0.0696 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive trading Market Days on which the Shares were traded on SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 98,326,959 Shares is approximately RM20.85 million based on an exchange rate of RM3.0471 : S$1.00;

(c) the Share Buy Back in a Market Purchase will be funded by the Company from its internal funds and the Share Buy Back in a Off-Market Purchase will be funded by the Company from a combination of both its internal funds and external borrowings;

(d) the purchase or acquisition of Shares pursuant to the Share Buy Back Mandate had taken place on 31 December 2019 for the purpose of computing the financial effects on the EPS of the Group;

(e) the purchase or acquisition of Shares pursuant to the Share Buy Back Mandate had taken place on 31 December 2019 for the purpose of computing the financial effects on Shareholders' equity, NTA per Share and gearing of the Company and the Group; and

(f) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buy Back Mandate are insignificant and are ignored for the purpose of computing the financial effects.

7.2 Pro Forma Financial Effects

For illustrative purposes only and on the basis of the assumptions set out above and assuming that the Share Buy Back will be funded by the Company from its internal funds and/or external borrowings, the financial effects of:

(a) the acquisition of 10% of the issued Shares, excluding Treasury Shares and subsidiary holdings, comprising 98,326,959 Shares as at the Latest Practicable Date by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy Back Mandate by way of purchases or acquisitions made entirely out of capital and held as treasury shares ("Scenario A"); and

(b) the acquisition of 10% of the issued Shares, excluding Treasury Shares and subsidiary holdings, comprising 98,326,959 Shares as at the Latest Practicable Date, by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy Back Mandate by way of purchases or acquisitions made entirely out of capital and cancelled ("Scenario B"),

on the audited financial statements of the Group and the Company for the financial year ended 31 December 2019 ("FY2019") are set out below.

Based on the audited financial statements of the Group and the Company for FY2019, the Company and the Group does not have sufficient distributable profits to effect the Share Buy Back. As such, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate by way of Market Purchases and Off-Market Purchases made entirely out of profits is not disclosed in this Appendix.

SCENARIO A
(AS AT 31 DECEMBER 2019)

	Group			Company		
(RM'000)	**Before Share Buy Back**	**After Market Purchase**	**After Off-Market Purchase**	**Before Share Buy Back**	**After Market Purchase**	**After Off-Market Purchase**
Share Capital	237,241	237,241	237,241	237,241	237,241	237,241
Reserves	37,442	37,442	37,442	–	–	–
Retained Earnings	124,663	124,663	124,663	1,406	1,406	1,406
Translation Reserve	(11)	(11)	(11)	–	–	–
Treasury Shares	(21)	(18,267)	(20,874)	(21)	(18,267)	(20,874)
Total Shareholders' Equity	399,314	381,068	378,461	238,626	220,380	217,773
NTA	399,314	381,068	378,461	238,626	220,380	217,773
Current Assets	738,995	720,749	728,569	82,926	76,908	76,908
Current Liabilities	449,874	449,874	460,301	59,885	72,113	64,294
Working Capital	289,121	270,875	268,268	23,041	4,795	12,614
Total Borrowings	432,562	432,562	442,989	45,018	45,018	55,445
Cash and cash equivalents	67,663	49,417	57,237	6,018	–	–
Number of issued shares ('000) [1]	983,270	884,943	884,943	983,270	884,943	884,943
Number of Treasury Shares ('000)	48	98,375	98,375	48	98,375	98,375
Weighted average of shares ('000)	980,118	881,791	881,791	980,118	881,791	881,791
Profit for the period attributable to shareholders	16,747	16,747	16,747	21,219	21,219	21,219
Financial Ratios						
NTA per share (RM cents) [2]	40.61	43.06	42.77	24.27	24.90	24.61
Gearing (times) [3]	1.08	1.14	1.17	0.19	0.20	0.25
Current Ratio (times)	1.64	1.60	1.58	1.38	1.07	1.20
Basic EPS (RM cents) [4]	1.71	1.90	1.90	2.16	2.41	2.41

SCENARIO B
(AS AT 31 DECEMBER 2019)

	Group			Company		
(RM'000)	**Before Share Buy Back**	**After Market Purchase**	**After Off-Market Purchase**	**Before Share Buy Back**	**After Market Purchase**	**After Off-Market Purchase**
Share Capital	237,241	218,995	216,388	237,241	218,995	216,388
Reserves	37,442	37,442	37,442	–	–	–
Retained Earnings	124,663	124,663	124,663	1,406	1,406	1,406
Translation Reserve	(11)	(11)	(11)	–	–	–
Treasury Shares	(21)	(21)	(21)	(21)	(21)	(21)
Total Shareholders' Equity	399,314	381,068	378,461	238,626	220,380	217,773
NTA	399,314	381,068	378,461	238,626	220,380	217,773
Current Assets	738,995	720,749	728,569	82,926	76,908	76,908
Current Liabilities	449,874	449,874	460,301	59,885	72,113	64,294
Working Capital	289,121	270,875	268,268	23,041	4,795	12,614
Total Borrowings	432,562	432,562	442,989	45,018	45,018	55,445
Cash and cash equivalents	67,663	49,417	57,237	6,018	–	–
Number of issued shares ('000) (1)	983,270	884,943	884,943	983,270	884,943	884,943
Number of Treasury Shares ('000)	48	48	48	48	48	48
Weighted average of shares ('000)	980,118	881,791	881,791	980,118	881,791	881,791
Profit for the period attributable to shareholders	16,747	16,747	16,747	21,219	21,219	21,219
Financial Ratios						
NTA per share (RM cents) (2)	40.61	43.06	42.77	24.27	24.90	24.61
Gearing (times) (3)	1.08	1.14	1.17	0.19	0.20	0.25
Current Ratio (times)	1.64	1.60	1.58	1.38	1.07	1.20
Basic EPS (RM cents) (4)	1.71	1.90	1.90	2.16	2.41	2.41

Notes:
(1) Based on the issued share capital of 983,269,594 Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.
(2) NTA per Share equals to equity attributable to owners of the Company divided by the number of Shares outstanding (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date.
(3) Gearing equals to total borrowings divided by total equity.
(4) EPS equals to profit attributable to owners of the Company divided by the weighted average number of Shares outstanding (excluding Treasury Shares and subsidiary holdings) during FY2019.

The actual impact will depend on the number and price of the Shares bought back. As stated, the Directors do not propose to exercise the Share Buy Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements and/or gearing of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions. The Share Buy Back Mandate will be exercised with a view to enhance the EPS and/or NAV per Share of the Group.

Shareholders should note that the financial effects illustrated above, based on the respective aforesaid assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2019, and is not necessarily representative of the future financial performance of the Company and the Group.

It should be noted that although the Share Buy Back Mandate would authorise the Company to purchase or otherwise acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or otherwise acquire the entire 10% of the issued Shares. In addition, the Company may cancel, or hold as Treasury Shares, all or part of the Shares purchased or otherwise acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Buy Back before execution.

8. TAXATION

Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisors.

9. INTERESTED PERSONS

The Company is prohibited from knowingly buying Shares on the Catalist from an interested person, that is, a Director, the chief executive officer of the Company or Controlling Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his/her Shares to the Company.

10. REPORTING REQUIREMENTS UNDER COMPANIES ACT

Within 30 days of the passing of a Shareholders' resolution to approve the purchases or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA. Within 30 days of a purchase or acquisition of Shares on Catalist or otherwise, the Company shall lodge with ACRA the notice of the purchase or acquisition in the prescribed form, such notification including, inter alia, details of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase or acquisition and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.

Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of Treasury Shares in the prescribed form.

11. CATALIST RULES

Public float
The Company does not have any individual shareholding limit or foreign shareholding limit.

As at the Latest Practicable Date, approximately 24.41% of the issued share capital of the Company is held in the hands of the public. Assuming that the Company purchased or acquired the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be reduced to approximately 16.01%.

Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10% limit pursuant to the Share Buy Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect the orderly trading of Shares.

The Directors will use their best efforts to ensure that the Company does not effect the Share Buy Back if the Share Buy Back would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company or adversely affect the orderly trading of the Shares.

Maximum Price
Under the Catalist Rules, a listed company may only purchase or acquire shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. The term average closing market price is defined as the average of the closing market prices of Shares over the last five (5) market days, on which transactions in the Shares were recorded, before the day on which purchases or acquisitions are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3.4 of this Appendix, conforms to this restriction.

Disclosure Requirements
Additionally, the Catalist Rules also specifies that a listed company shall report all purchases or acquisitions of its Shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its Shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include, inter alia, details of the total number of Shares authorised for purchase, the date of purchase, the total number of Shares purchased, the purchase price per Share or (in the case of Market Purchases) the purchase price per Share or the highest price and lowest price per Share, the total consideration paid for the Shares and the number of issued Shares after purchase, in the form prescribed under the Catalist Rules.

Dealing in Securities
While the Catalist Rules does not expressly prohibit any purchase or acquisition of Shares by a listed company during any particular time, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced.

Further, in conformity with the best practices on dealing with securities under the Catalist Rules, the Company will not purchase or acquire any Shares through Market Purchases during the periods commencing one month before the announcement of the Company’s half-yearly and full year financial results respectively commencing from FY2020, and ending on the date of the announcement of the relevant results.

12. SHARES BOUGHT BY THE COMPANY IN THE PREVIOUS 12 MONTHS

The Company has purchased 50,000 Shares in the twelve (12) months preceding the Latest Practicable Date by way of market purchases at prices per Share of S$0.152, and the total consideration paid for the purchases (including brokerage and other charges) amounted to approximately RM23,183. The purchase of 50,000 Shares resulted in the Company holding 132,600 Shares as Treasury Shares. 84,800 Shares were issued under AV Performance Share Plan as detailed in page 71 of the Annual Report, resulting in the Company holding 47,800 Shares as Treasury Shares.

13. INTERESTS OF THE DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

	Before Share Buy Back		After Share Buy Back	
	No. of Shares	%(1)	No. of Shares	%(2)
Directors				
Dato' Murly Manokharan	505,877,952	51.45	505,877,952	57.17
Dato' Seri Nazir Ariff Bin Mushir Ariff	–	–	–	–
Ir. Anilarasu Amaranazan	242,000	0.025	242,000	0.027
Mr. Cheah Teik Seng	4,480,252	0.46	4,480,252	0.51
Dato' Alan Teo Kwong Chia	205,516	0.02	205,516	0.023
Dato' Choong Khuat Seng	–	–	–	–
Dr. Lim Su Kiat	20,552	0.002	20,552	0.002
Mr. Ching Chiat Kwong	101,340,620	10.31	101,340,620	11.45
Mr. Low See Ching (Liu Shijin)	101,340,620	10.31	101,340,620	11.45
Substantial Shareholders (other than Directors)				
Aspen Vision Group Sdn. Bhd.	495,602,146	50.40	495,602,146	56.00
Ideal Force Sdn. Bhd.	89,720,276	9.12	89,720,276	10.14
Mr. Oh Kim Sun	131,060,276	13.32	131,060,276	14.81
Oxley Holdings Limited	101,340,620	10.31	101,340,620	11.45

Notes:-
(1) The percentage is calculated based on 983,269,594 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
(2) Assuming the Company purchases or acquires the maximum number of Shares pursuant to the Share Buy Back Mandate, the percentage after the Share Buy Back is calculated based on 884,942,635 Shares

In the event that the Company undertakes Share Buy Back of up to ten per cent (10%) of the issued Shares of the Company as permitted under the Share Buy Back Mandate, the shareholdings and voting rights of Dato' Murly Manokharan and Aspen Vision Group Sdn. Bhd. will remain above fifty per cent (50%). Accordingly, no general offer is required to be made pursuant to the Takeover Code.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer under the Takeover Code in the event that the Company purchases or acquires the maximum number of Shares under the Share Buy Back Mandate.

Neither the Directors nor the Substantial Shareholders of the Company (other than in his capacity as a Director or Shareholder of the Company), as well as their respective associates, has any interest, direct or indirect, in the Share Buy Back Mandate.

14. DIRECTORS' RECOMMENDATION

The Directors having considered, inter alia, the rationale and information relating to the proposed renewal of the Share Buy Back Mandate, are of the opinion that the proposed renewal of the Share Buy Back Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed renewal of the Share Buy Back Mandate at the 2020 AGM.

15. ANNUAL GENERAL MEETING

The 2020 AGM will be convened and held by way of electronic means on Thursday, 25 June 2020 at 10.00 a.m. (Singapore time) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution relating to the proposed renewal of the Share Buy Back Mandate as set out in the Notice of AGM.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, Shareholders will not be able to attend the 2020 AGM in person due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the 2020 AGM if such Shareholder wishes to exercise his/her/its voting rights at the 2020 AGM.

Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. The Proxy Form for the 2020 AGM will be announced together with the Notice of AGM and may be accessed at the Company's website at the URL *https://aspen.listedcompany.com/newsroom.html* and the SGX website at the URL *https://www.sgx.com/securities/company-announcements.*

The Proxy Form must be submitted to the Company in the following manner:

a. if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898; or

b. if submitted electronically, be submitted via email to the Company's Share Registrar at *sg.is.proxy@sg.tricorglobal.com*,

in either case not less than seventy-two (72) hours before the time appointed for the 2020 AGM.

A Depositor shall not be regarded as a Shareholder of the Company and not be entitled to attend the 2020 AGM and to speak and vote thereat unless his name appears on the Depository Register and/or the Register of Members at least seventy-two (72) hours before the 2020 AGM.

If a shareholder is required to abstain from voting on a proposal at a general meeting by a listing rule or pursuant to any court order, any votes cast by the shareholder on that resolution will be disregarded by the Company.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Appendix) collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts or the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

18. INSPECTION OF DOCUMENTS

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents are available for inspection at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898, during normal business hours from the date of this Appendix up to the date of the 2020 AGM:

(a) the Constitution of the Company; and

(b) the audited consolidated financial statements of the Company for FY2019.

The Annual Report for FY2019 may be accessed at our Company's website at the URL *https://aspen.listedcompany.com/newsroom.html* and on the SGX website at the URL *https://www.sgx.com/securities/annual-reports-related-documents.*

Yours faithfully
For and on behalf of the Board of Directors
ASPEN (GROUP) HOLDINGS LIMITED

Dato' Murly Manokharan
President and Group Chief Executive Officer

ASPEN GROUP

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